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1904











# HEARINGS

ON THE

## GREAT LAKES AND PACIFIC COAST

BEFORE

### THE MERCHANT-MARINE COMMISSION,

COMPOSED OF

Senator JACOB H. GALLINGER, of New Hampshire,  
*Chairman.*

Senator HENRY CABOT LODGE, of Massachusetts.

Senator BOIES PENROSE, of Pennsylvania.

Senator THOMAS S. MARTIN, of Virginia.

Senator STEPHEN R. MALLORY, of Florida.

Representative CHARLES H. GROSVENOR, of Ohio.

Representative EDWARD S. MINOR, of Wisconsin.

Representative WILLIAM E. HUMPHREY, of Washington.

Representative THOMAS SPEIGHT, of Mississippi.

Representative ALLAN L. McDERMOTT, of New Jersey.

WINTHROP L. MARVIN, *Secretary.*

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## VOLUME II.

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WASHINGTON:  
GOVERNMENT PRINTING OFFICE.

1904.



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## HEARINGS BEFORE THE MERCHANT- MARINE COMMISSION.

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CHICAGO, ILL., *June 24, 1904.*

The Commission met at 10 o'clock a. m. at the Illinois Trust and Savings Bank Building.

Present: Senators Gallinger (chairman) and Penrose, and Representatives Grosvenor, Minor, Humphrey, and Spight.

### ADDRESS OF W. L. BROWN.

Mr. BROWN. Mr. Chairman, on behalf of the Illinois Manufacturers Association I am here to welcome the Merchant Marine Commission and to bring before you our citizens to present their views on the possibility of restoring on the high seas our merchant marine.

It is all a large question. We practically have no merchant marine on our high seas; and if anything can be done to build one, we should all be interested in accomplishing it.

I bespeak for the gentlemen who will appear before you your attention in their efforts to give you their views, whatever they may be.

### ADDRESS OF L. E. MCGANN.

Mr. MCGANN. Gentlemen, I have been requested by the mayor of Chicago to express to you his regrets at his inability to be present to pay his respects to the Commission and to extend to you a hearty welcome to the city of Chicago.

The purpose of your inquiry is one in which all American citizens are interested, but especially so are the people of Chicago. They desire that you shall have full and complete information, that the conclusions to be drawn from your investigations, as represented in legislation, will operate fairly, freely, and unrestrained on all our people, that every element of favoritism and special legislation may be avoided, and that this inquiry, as all other inquiries by Congress, may have the one purpose of securing the best results for all our people.

Without attempting to give any views of my own, I can assure you of the hearty wish by his honor the mayor for the success of the object you have in view, and that he will be glad to do anything in his power to cooperate with you to secure such local testimony as will enable you to make a report that will bring about the results I have just stated.

For myself I desire to say that I am glad to have this opportunity to pay my respects.

**RESPONSE OF THE CHAIRMAN.**

The CHAIRMAN. Mr. Brown, on behalf of the Merchant Marine Commission I desire to thank you for the words of greeting you have brought from the Manufacturers' Association of Illinois. The Commission will not soon forget the delightful time they had as guests of the association last evening, where they were privileged to meet some 200 of the solid business men of Chicago and to exchange with them, freely and frankly, views concerning the work of the Commission. And Mr. McGann, in behalf of the Commission, I return through you to his honor the mayor our grateful acknowledgment of the kind interest he has manifested in our work, and I beg you to express to him our appreciation of his great courtesy and kindness. It is always encouraging, when a commission of this kind, engaged in an effort to obtain information, meets with the cooperation of the men who occupy the high positions of chief executives of the great cities of our country; and you may be sure, sir, that we are profoundly grateful to his honor the mayor for giving us, through you, this cordial greeting to Chicago.

Now, gentlemen, we are here for the purpose of asking gentlemen to express to the Commission their views on the question before us. We are a Commission created by an act of Congress, charged with the work of investigating and reporting to Congress "what legislation, if any, is desirable for the development of the American merchant marine and American commerce, and also what change or changes, if any, should be made in existing laws relating to the treatment, comfort, and safety of seamen, in order to make more attractive the seafaring calling in the American merchant service."

It is not necessary that I should occupy a moment's time, nor is it necessary for any gentleman who may address this Commission to occupy much time, in calling attention to the deplorable condition of the American merchant marine as it is at the present moment. We once carried in American bottoms 92 per cent of American imports and exports. We now carry about 9 per cent, and the probabilities are that, unless something is done to rehabilitate the American merchant marine, a still further decline will take place from year to year until the American flag will be rarely, if ever, seen on the high seas of the world. It is a great work we have undertaken, a difficult and perplexing work, but we hope to be able to lay the foundation for legislation of a remedial character that will reestablish, to some extent at least, our foreign carrying trade.

I want to say to the gentlemen who have assembled that this Commission has held very interesting meetings in the cities of New York, Philadelphia, Baltimore, and Boston. This is the fifth hearing the Commission has given to the business men of the country. I desire, furthermore, to say that the Commission, in the discharge of its important duties, has disclaimed everywhere, and desires to disclaim here, any purpose of exploiting any particular theory or the opinion of any particular individual or body of men. We are here for information—information that will aid us in the important work we have in hand; and we welcome here, as we have welcomed elsewhere, the opinions of any man, no matter what view he may take of this important subject.

Gentlemen, we are prepared to hear testimony. I will first call upon Hon. John Barrett, United States minister to Panama, whose residence abroad and whose investigations of this and allied subjects will enable him, I feel sure, to give the Commission very important information

**STATEMENT OF JOHN BARRETT,***United States Minister to Panama and formerly Minister to Argentina and Siam.*

Mr. BARRETT. Mr. Chairman and members of the Commission, possibly on the assumption that one of your ministers abroad is as much the minister of Chicago as he is of New York, or of the Pacific Coast and the Mississippi Valley as well as of the eastern part of the United States, it is appropriate that a minister should say a few words while he is in Chicago. I have put what I have to say in notes, because I do not wish to be rambling in my observations or to take more of your time than is necessary.

I have the honor to submit herewith a few facts for your consideration in regard to our commerce with South America, and to urge most respectfully that your Commission will see fit to recommend in its report that steps be taken for the furtherance of better steamship communication between New York and the leading ports of eastern South America, particularly Buenos Ayres, Argentina. Inasmuch as I have only recently arrived from Argentina, where I was United States minister, en route to my new post in Panama, this is my first opportunity to appear before your body. What I have to say is founded on a careful study of conditions in South America, especially in the great Republic of Argentina, during the last six months.

By way of emphasis and better understanding of my recommendations, I beg to call your attention to the importance of southern South America. Argentina is to-day one of the most prosperous and progressive countries in the world. Covering an area of 1,200,000 square miles, or as much as all that section of the United States east of the Mississippi River plus the first tier of States west of it; having a magnificent seaboard on the Atlantic of over 1,500 miles, with its interior penetrated by the extensive river system of the River Plate, reaching from about 20° south of the equator to over 55° south, or located almost entirely in the Temperate Zone; possessing a climate suited to an energetic and ambitious race, and producing those products which have a ready sale in the great markets of the world, Argentina certainly commands the attention of the United States. Its capital city, Buenos Ayres, is one of the largest commercial centers of the Western Hemisphere. It has a population of nearly 1,000,000 and is growing more rapidly than any city in the world, with possibly the exceptions of New York and Chicago. Situated about 200 miles from the sea on the River Plate, it is approached by steamers from all portions of the globe. It has a system of docks and wharves unequalled by few ports even of Europe. Over \$25,000,000 were expended in their construction.

The commerce with foreign lands of Argentina last year amounted to \$360,000,000.

**OUR COSTLY LACK OF STEAMSHIPS.**

Think of it, this country away down there in the other end of South America! Of this the share of the United States was only \$24,000,000, or \$16,000,000 exports to Argentina and \$8,000,000 imports from that country into the United States. There is no valid reason except that of insufficient steamship relations why our trade with Argentina should not become \$50,000,000 per annum instead of the present low figures. Considering that Argentina now has only about 5,000,000 people her commerce averages over \$70 per head.

I might say that that is a greater average than any other country in the world, with possibly the exception of the Netherlands. This demonstrates the richness of the country, and as the population grows to greater proportions in the near future the foreign trade will correspondingly expand.

As many of you know, I have been for over ten years a strenuous advocate of closer relations with the Far East. From the time when I had the honor to go to Siam as your minister in 1894 I have been hammering away on that subject, and now that I have gone to another part of the world my eyes have been still further opened. We hear a great deal about the possibilities of trade with China and Japan, and yet China's foreign trade last year, notwithstanding her population is over 300,000,000, was less than that of Argentina with 5,000,000 people. Ambitious, progressive Japan, with 40,000,000 people, only barely reached higher figures than this wonderful nation of South America. As for the future, therefore, I contend that we should give more attention to South America than we have in the past, or at least divide the interest we show in the Far East. I will not weary you with adding to my argument concerning Argentina the immeasurable possibilities also of trade with Brazil, which is just north of Argentina, or with the lesser countries of Uruguay and Paraguay, which would also be tributary to the steamship service which I advocate.

#### AT LEAST A MONTHLY LINE.

Coming now to the direct point in hand, it is my opinion, supported by nearly all the authorities I consulted in South America, that at least a monthly line of steamers, carrying mails and passengers and having the freight facilities characteristic of such vessels, should be established, with its terminal points at New York in the United States and Buenos Ayres in Argentina. At present there is no through mail, passenger, and fast freight service between these two ports. There are freight steamers leaving New York every week for Argentina, but they are slow and unsuited for mails, passengers, and fast freight or express. There is one line of fairly good mail and passenger boats running from New York to Rio Janeiro, but no farther.

As if steamers should come from Buenos Ayres to New Orleans or to Cuba and did not come up into the United States! Connections at Rio with Buenos Ayres are not regular, and confusion constantly results in attempting to communicate or travel this way. Nearly all persons in southern South America who wish to proceed to the United States must do so by the way of Europe, and often the mail goes the same way.

One point I brought out last night at the dinner of the Illinois Manufacturers' Association was this: When I received a summons from the State Department to proceed to Panama I had to go from Buenos Ayres to Southampton and then from Southampton to New York. I had to travel the two sides of a triangle when I wanted to go the hypotenuse, or the direct way, from New York to Buenos Ayres. There were no steamship facilities which could take me in any such time as I could go by that roundabout way. There were no high-grade passenger and mail steamers by which I could go. That is the way four-fifths of the travel, and the mails also, must go between the United States and this great corresponding country in South America; for I do not hesitate to say that Argentina is entitled to be called the

United States of South America, and that in due time it is sure to dominate the politics and commerce of that great southern hemisphere as we do the northern hemisphere.

#### SIX FOREIGN, NOT ONE AMERICAN.

There are six first-class mail and passenger steamship lines between Buenos Ayres and European ports, so that it is possible for mails, passengers, and important or perishable freight to be dispatched at the rate of a steamer and a half a week, and I think in another two weeks there will be another line; but I wish to make a conservative statement, and I therefore say six.

I wish especially to call your attention to this point, and you business men who are here can realize its importance: The business men of Buenos Ayres can write to Europe and receive a reply easily in fifty days. It is very seldom that they can ever communicate with New York and Chicago and get an answer in less than eighty days. Anyone who is familiar with business methods and the importance of good mail exchange realizes what a handicap this is to the extension of American commerce. I have heard scores of South American merchants and bankers complain of the wretched mail arrangements between the United States and Argentina. If there were direct and regular service between Buenos Ayres and New York, there is no doubt in my mind that four-fifths of the southern South Americans who travel to the northern hemisphere on either business or pleasure would come or return via the United States. It was estimated in Buenos Ayres, just as I was leaving there about May 1, that at least 5,000 persons would have visited the World's Fair from Argentina if they could have come direct in first-class vessels.

At my legation alone my secretary informed me that we had over 700 letters of inquiry upon this point, and at the consulate, which is more the business end of the United States representation, they had over a thousand inquiries along this line, showing the direct interest taken in the matter. If we had this large number of inquiries, what would be the proportion of those that did not come direct to our offices?

#### THERE MUST BE NATIONAL AID.

The principal reason that we do not have direct steamship communication now of the class which I mention is that no company is willing to undertake it as an experiment or venture unless they can receive a compensation for carrying the mail which will insure them against primary or temporary loss. I have talked with leading steamship men in Buenos Ayres, Paris, Hamburg, and London, as well as in New York, and they have all told me that it would be impossible to initiate a great and important undertaking of this kind unless they could receive sufficient support from the United States and the South American Republics to protect them while they were building up sufficient traffic and travel to maintain the line on a paying basis.

I wish to explain a little in regard to this point. The question arises, If the business is there, why do not men go into it? Let me remind you that Europe has become established in this trade, in the first place, and that she controls it at the present time. All the steamship lines that undertake this business are European steamship lines, and, wishing to build up the trade with Europe rather than

with America, they form combinations and use their influence against the establishment of American lines. You see that in the agreement of the Lamport and Holt Line, which runs a line of passenger steamers to Rio, but does not go on to Buenos Ayres. Because of arrangement with the Royal Mail Steamship Company of England they agree that they will not run their passenger steamers farther than Rio; and yet I was informed in New York and Philadelphia that an American company was already organized that would be willing to undertake to put on a line of steamers between New York and Buenos Ayres provided they could receive enough money for carrying the mails to insure them against loss while they were establishing a regular trade and traffic.

#### SUCCESSFUL EUROPEAN SUBSIDIES.

The CHAIRMAN. Mr. Barrett, I assume that all these European lines have a subvention of some kind?

Mr. BARRETT. I was just going to speak of that. It was in my mind at that moment. The Royal Mail Steamship Company has received a sufficient subvention from the British Government so that they have a line of steamers that are just as fine, in proportion to their size, as the best steamers crossing the Atlantic. The steamer *Danube*, in which I came from Buenos Ayres to Southampton, is a ship just as magnificent and just as fast, in proportion to the size, as those crossing the Atlantic. She is a steamer of about 6,000 tons, and also has most excellent fast-freight facilities. That ship ordinarily carries now enough freight to pay for the trip back and forth, and yet for the first years when they were becoming established, so the president of the line informed me, they could not have established themselves if it had not been for the assistance that they received from the English Government.

Consider the Italian lines. When the Italian lines first began they had assistance. Now the immigration into Argentina from Italy is so great and the travel is so large that they receive enough money from that source to pay a good dividend on their investment.

The German Government assist their line running down there, as does the French Government. I do not remember the exact sum, but I know it is enough so that it has enabled them to put on first-class vessels and to develop competition. There is a very strenuous competition to-day between Germany, France, and England for the trade and traffic of Buenos Ayres and Argentina. They realize the importance of that business, and they are getting their returns. If you will notice how this \$360,000,000 of trade is divided, you will see how England and Germany and France are being repaid, I might say a hundredfold over, for the small amount they give to these steamers to carry the mails. They do not call it by that term which seems obnoxious to a certain extent, "subsidy," but they call it a subvention for carrying the mails and to protect them against the necessary extra speed at which they must run. For instance, the Royal Mail steamers are obliged to keep up a certain speed. That extra knot of speed would eat up the profits on their running unless they received that assistance from the British Government for carrying the mails.

#### ARGENTINA READY TO HELP.

This, perhaps, is as important a point as I can bring out. I have now the further honor and pleasure to inform your Commission that

the Argentine Government has informally intimated to me that it stands ready to do its share in paying for this transportation of mails, which will enable a first-class line to be established, provided the United States will do its part. General Roca, the able President of Argentina, a man who stands in southern South America in just as much prominence as General Diaz does in Mexico, a man of great character and great influence, said to me, just before I was leaving Buenos Ayres, that he and his countrymen maintained that the greatest possible influence which could be exerted for the building up and cementing of closer relations of friendship and commerce between the United States and the east coast of South America would be the putting on of a first-class mail, passenger, and fast-freight steamship line between New York and Buenos Ayres, which would also touch at such ports as Rio Janeiro, Bahia, Santos, and Montevideo.

This will interest specially General Grosvenor, from what he said last night about the press: The newspapers of Buenos Ayres, which have great influence all over South America, are unanimous in favoring such a line and in giving it Government support.

The finest newspaper building in the world is in Buenos Ayres, that of the *La Prensa*, which cost \$2,000,000 in gold. Every room in the building is devoted to newspaper purposes; not one for outside offices. This newspaper prints 2,000 words of news from New York every morning, although it is 6,000 miles away. Other great papers of similar influence are *La Nacion* and *El Diario*.

#### SURPRISED AT OUR INACTION.

In fact, it is a constant source of surprise to South American statesmen and business men that the United States, with all its claims to greatness and progress, is not willing to take the initiative in a movement of such importance, and which South America is ready to follow with earnestness and even enthusiasm.

If you will pardon me for the digression, the day that General Roca made the remark to me about the relations of the United States and Argentina I was standing with him in the executive chamber of the *Casa de Gobierno*, the Government building of Argentina, a magnificent structure that looks out on a beautiful plaza. As we stood there we looked out on evidences of power and wealth. There was the Bank of the *Nacion*, a building as large and handsome as this one, with men of business prominence going in and out, just as you see men going in and coming out of this structure. I thought to myself: "It is no pigmy of a nation making these propositions to the United States. It is no little effervescent South American republic." I saw not only the Bank of the *Nacion*, but near by the London and River Plata Bank, with its capital of many million pounds. Not far away were the Bank of Spain and the German Bank, and in the immediate neighborhood the London and Brazil Bank, all of them great institutions, representing millions upon millions of invested foreign as well as local capital. Then a little farther down I could see a great railway office building, a seven-story imposing structure that would ornament New York or Chicago, the home of a company that has an investment of hundreds of millions of English capital in that South American Republic. All this shows what the country is that makes this suggestion, and which expresses surprise that the United States is not willing to do its share.

If you will go back you will remember the first Pan-American conference which was held in Washington, presided over by Mr. Blaine. This appeals especially to me, because I had the honor of being one of your delegates to the second Pan-American conference, held in Mexico. At that first conference the United States delegates recommended that a steamship line be established between New York and Buenos Ayres, and that certain sums should be paid respectively and proportionately by the United States and Argentine Governments. Argentina carried out her part of the contract. Her Congress passed the law; the United States did nothing, and ever since they have been asking down there whether we were a people of our word or not.

#### A PROFIT MANIFOLD.

Even if there is opposition in the United States to the granting of what are termed "subsidies," it would seem as if there ought to be no objection to paying a reasonable sum for carrying the mails, especially when Argentina, Brazil, and possibly other countries of that section stand ready to cooperate. The amount that the United States would find it necessary to appropriate for such facilities would be completely lost and forgotten in the increase of our trade with Argentina, Brazil, Uruguay, and Paraguay which would result. In other words, for a few hundred thousand dollars per annum the United States would give the business interests of our country new and unrivaled opportunities for developing their trade to large proportions in a field which already has a commerce with the outer world of nearly \$800,000,000, but where the share of the United States is now less than \$100,000,000.

Gentlemen, if there are any questions which I can answer in my limited knowledge I shall be glad to do so. As it is, I thank you for your kind hearing.

#### NO AMERICAN MERCHANT FLAG IN 50,000 MILES.

The CHAIRMAN. I was attracted last evening, Mr. Barrett, by a statement you made, which I should like to have go in this record, as to your experience in traveling around the world and noticing the flags of the various nations.

Mr. BARRETT. I said that in the last ten years it had been my experience, either as the representative of the United States Government or in kindred work, to have made several trips around the world. One of these I made as the commissioner-general of the St. Louis World's Fair to conduct negotiations with foreign countries for participation in the exposition. On that journey I traveled 50,000 miles, or the whole distance around the world, and 25,000 miles in side trips. I went from San Francisco to Honolulu; then to Japan; then to Korea and Siberia; then down the coast of China as well as into the interior of China; then down to the Philippines; around by way of India into the Mediterranean; then to Europe, and across the Atlantic to New York. From San Francisco around to New York I never saw one large merchant vessel in interoceanic traffic carrying the American flag, but in every port I saw the flag of England, the flag of Germany, and while in Asia and in other countries I saw in many places the flag of Japan.

I emphasize the flag of Japan because of the fact that their Government has done so much to build up their foreign shipping. When I



wanted to go to Australia the only steamer on which I could go was a modern Japanese passenger and mail vessel. When I was at one time in the Indian Ocean and wished to go from one port to another, I found a Japanese mail and fast freight steamer to carry me instead of an English vessel. Another time, in the Mediterranean, I found a Japanese vessel to travel on. I might say also that there were most always to be found in the principal ports of the Far East the fast mail and passenger and freight steamers of Germany, Great Britain, and France.

For five years I was your minister in Siam, a country which is progressing more rapidly than any other Asiatic country except Japan, and in Bangkok, its capital, which is one of the most prosperous cities in southern Asia and has nearly a million population, I never saw a single merchant steamer enter the harbor flying the American flag, while every day there were entering and leaving English, German, and often Norwegian steamers. The only American vessels I saw were war ships, and one or two yachts belonging to American millionaires.

#### STATEMENT OF JAMES A. PATTON.

The CHAIRMAN. Is Mr. James A. Patton present? If so, the Commission will be glad to hear from him.

Mr. PATTON. Mr. Chairman, I should much prefer hearing the discussion before stating my views on the subject, because in listening to the remarks of the previous speaker I have been very much enlightened, and it is possible I may entirely change my views before the close of the meeting. Therefore I should prefer not to express my views at this time.

The CHAIRMAN. We shall be very happy to call on you a little later, Mr. Patton, if you should then be willing to give us the benefit of your views. Is Mr. George F. Stone present?

Mr. STONE. Yes.

#### STATEMENT OF GEORGE F. STONE.

The CHAIRMAN. Mr. Stone, are you the secretary of the Chicago Board of Trade?

Mr. STONE. Yes, sir.

The CHAIRMAN. Mr. Stone, if it is agreeable to you, the Commission will be very glad to hear from you.

Mr. STONE. Mr. Chairman and gentlemen of the Commission, I am here this morning, as has already been stated, as secretary of the Chicago Board of Trade. I wish to say that the Board of Trade of Chicago is profoundly interested in the work which this distinguished Commission has undertaken. The board of trade has not decided upon any particular line of policy which it feels prepared to recommend to the Commission. It deplores the fact that the merchant marine of the United States is practically wiped from the seas and that it carried last year less than 10 per cent of the domestic merchandise exported from the United States.

The Chicago Board of Trade, Mr. Chairman, is particularly interested in this inquiry, because it is intimately and vitally connected in all its activities with the agricultural products and interests of the United States. The agricultural products of the United States constitute, as you very well know, about 72 per cent of the total domestic

exports of the United States. The value of the agricultural exports of the United States amounted last year to \$873,000,000. The valuation of the total exports of domestic merchandise during the last year amounted to \$1,192,000,000.

We stand here at the head of the Great Lakes. The combined tonnage of the Great Lakes is approximately 55,000,000. The clearances at Chicago and the arrivals at Chicago amount in round numbers to about 15,000,000 tons. The quantity of registered tonnage passing through St. Mary's Falls Canal aggregated last year about 27,900,000, which is much greater than the registered tonnage passing through the Suez Canal for the entire year, that being last year, 1903, about 19,000,000.

Senator PENROSE. It is nearly all steam tonnage on the Lakes?

Mr. STONE. Yes, sir.

#### CHICAGO'S GREAT INTEREST.

I mention these facts to you to show why it is that the Chicago Board of Trade is so vitally interested in this inquiry. We know how intimately connected the great agricultural products of the country are with every industry throughout the country. We know that the great crops of the country, comprising the chief cereals, pour into the lap of the nation annually about \$1,700,000,000, in round numbers, on an average. We know that these great grain crops aggregate about 3,400,000,000 bushels, and hence I repeat the Chicago Board of Trade is watching with a great deal of interest the progress of this distinguished Commission in its inquiry concerning the object of rehabilitating and reestablishing the American merchant marine upon the high seas.

We view our enormous growth of exports, and then we reflect, with almost a feeling of humiliation, how insignificant is the share of American vessels in American commerce. Why, in 1803, which is a date so prominent in our minds to-day, when Louisiana was purchased by President Jefferson, our domestic exports amounted to \$55,800,000; and, as I have already stated, they amounted last year in value to \$1,192,000,000.

#### A MOST OPPORTUNE INQUIRY.

Mr. Chairman and gentlemen of the Commission, it seems to me a most opportune time to institute this inquiry. There never was so much Americanism as there is to-day. The country was never so imbued with stalwart, courageous, enterprising, aggressive Americanism as it is to-day, with so much of the Americanism we have of late heard eloquently portrayed in the convention, the Americanism of Theodore Roosevelt, who, with those sublime qualities of audacious sagacity and wisdom and statesmanship, presides over the American people, and has the care of all the interests of all the people; and I trust that the inquiries which this Commission will institute, the information which it will obtain, will result in such measures by the Congress of the United States as will place the American flag at the masthead over American merchandise on the high seas, where some of its proudest victories have been won.

Mr. Chairman, the board of trade has invited several of its members who are prominent in export and domestic trade, trade in bread-stuffs and in provisions, to come here in answer to your courteous

invitation, to express their individual views upon the means that might be employed and are advisable to be used to restore the American merchant marine.

### STATEMENT OF PAUL TIETGENS.

Mr. Paul Tietgens appeared before the Commission.

The CHAIRMAN. Will you state to the Commission in what line of business you are engaged, Mr. Tietgens?

Mr. TIETGENS. Mr. Chairman, as an exporter of provisions, it is interesting to state that only to two ports in Europe have we the opportunity of shipping in American bottoms. We mostly ship in English, French, German, and even Italian bottoms to the other side. I personally do not believe that an American merchant marine to the principal ports of Europe could successfully compete with the foreign lines. The cheap cost abroad of building ships, and the cheaper cost of running the ships with foreign labor—cheaper than American ship-owners could possibly pay—make it impossible for American ships to successfully compete with the foreign bottoms unless a very heavy subsidy should be granted to them.

However, I desire to state that I am heartily in favor of subsidizing lines from New York to South America. There is no doubt about the fact that our connections with South America are not sufficient for the amount of business that is moving to those countries from our country and from those countries to ours.

I further believe there would be a good opportunity for a regular subsidy line from New York to South Africa, for instance, or to Australia. I am positive that trade could be worked up, not so much in the articles in which I am interested, as in the manufactured class; and I give it as my opinion that the United States ought to do something to increase the shipping interests from the principal eastern ports of the United States to such countries as South America, Australia, and other countries.

### STATEMENT OF WILLIAM W. BATES.

The CHAIRMAN. We are privileged to have with us this morning Capt. William W. Bates, of Denver, Colo. Captain Bates at one time served in the high position of Commissioner of Navigation of the United States, and is the author of the volume entitled "American Navigation," which has attracted a great deal of attention in the commercial world.

Captain Bates has taken the trouble to come to Chicago to present his views, and the Commission will be pleased to hear from him now.

Mr. BATES. Mr. Chairman and gentlemen of the Marine Commission, there is always a best way to arrive at an understanding of any subject that has been a long time increasing in interest and for many years before the country. After more than thirty years' study of American navigation, I think it impossible to get at its points so as to thoroughly comprehend its bearings and importance without a knowledge of its history. In this paper, which I now desire to read, I have carefully taken up every point essential to a correct retrospective view and to a true diagnosis of the case under your examination. The matter is arranged under proper subheads.

## AMERICAN NAVIGATION.

SECTION 1. *Its political history.*

When the colonies of British North America came to have considerable intercourse, chiefly by foreign vessels, the notion possessed the people that vessels of their own would be profitable and that their right to run them could not be denied. So thinking, several of the colonies passed acts for collecting tonnage duties from foreign vessels; afterwards discriminating tariff duties were added for the encouragement of shipbuilding and navigation. From having the best shipping protection, Massachusetts came to have the most shipping. But the growth of colonial fleets did not accord with British interest; displeasure resulted; restrictions followed; but "America" clung to her idea, exercised patience, and wonderfully succeeded in developing navigation. When the Revolution came our tonnage sufficed for the coasting trade.

After the peace King George proclaimed that the ports of his remaining colonies and islands were closed to vessels of the United States. Congressional protection was claimed, and a committee, headed by Thomas Jefferson, recommended a uniform regulation of commerce by the consent of the States creating preference for our own vessels. But on the terms proposed the consent of nine States could not be obtained. Pending the application, the several States, each for itself, passed such regulations as seemed best for its own marine (1783-1785).

SEC. 2. *Encouragement of the several States.*

(1) Discriminating tonnage duties: New Hampshire, Massachusetts, Rhode Island, Connecticut, Maryland, and Georgia.

(2) Discriminating tonnage and tariff duties: New York, Pennsylvania, Virginia, North Carolina, and South Carolina.

(3) Tonnage duties only: New Jersey and Delaware.

The tonnage duties of all the States averaged nearly 60 cents per ton. New York and Virginia discriminated against British vessels in excess of others. Maryland and Virginia favored the Dutch and French as being "treaty nations."

SEC. 3. *Ship protection in the Constitutional Convention.*

The States failing to authorize Congress to make regulations that would upbuild an American marine, and failing also to authorize the collection of national revenue from tariff duties, it appeared that the "Continental Congress" must give way to a successor under a closer union. This idea becoming general, necessary steps were taken, and a national convention assembled at Philadelphia, 1787. The calling of this body grew out of a fruitless effort at Annapolis to unify the State navigation laws, which had become a source of friction and discord. Thirteen sets of laws were twelve too many. With great reason, therefore, Daniel Webster could declare that "maritime defense, commercial regulations, and national revenue were laid at the foundation of our national compact. They are its leading principles and causes of its existence."

In different plans offered for a constitution Congress was empowered to regulate commerce, to develop and perpetuate an American marine. The only question concerned the majority requisite to pass "navigation bills." Gen. Charles Pinckney, of South Carolina, argued that this should be "two-thirds of each House," as customary in the old Congress.

Mr. Clymer, of Pennsylvania, asserted that "the Northern and Middle States would be ruined if not enabled to defend themselves against foreign regulations."

Mr. Sherman, of Connecticut, suggested that "to require more than a majority to decide a question was always embarrassing, as had been experienced in cases requiring the votes of nine States in Congress."

Mr. G. Morris, of Pennsylvania, opposed the Pinckney proposition. "Preferences to American ships will multiply them till they can carry the southern produce cheaper than it is now carried. A navy (marine) was essential to security, particularly of the Southern States, and can only be had by a navigation act encouraging American bottoms and seamen."

Mr. Butler, of South Carolina, said he would "vote against requiring two-thirds instead of a majority."

Mr. Rutledge, of South Carolina, was also "against the motion of his colleague." There was the necessity of securing the West India trade, \* \* \* and a navigation act was necessary for obtaining it."

Mr. Madison, of Virginia, spoke at length favoring navigation laws, especially in the interest of the South. He thought an abuse of the power improbable. "The Southern States would derive an essential advantage in the general security afforded by the increase of our maritime strength. \* \* \* The increase of the coasting trade and of seamen would be favorable to the Southern States by increasing the consumption of their produce. If the wealth of the Eastern States should in a still greater proportion be augmented, that wealth would contribute the more to the public wants and be otherwise a national benefit."

Mr. Randolph, of Virginia, favored the motion. He pointed out that "foreign influence might be exerted on the President, who could require three-fourths by his negative."

Mr. Gorham, of Massachusetts, presenting an ultimatum, closed the debate. He said:

"If the Government is to be so fettered as to be unable to relieve the Eastern States, what motive can they have to join it and thereby tie their own hands from measures which they could otherwise take for themselves? The Eastern States were not led to strengthen the Union by fear for their own safety. He deprecated the consequences of disunion, but if it should take place it was the southern part of the continent that had the most reason to dread them. He urged the improbability of a combination against the interest of the Southern States, the different situations of the Northern and Middle States being a security against it. It was, moreover, certain that foreign ships would never be altogether excluded, especially those of nations in treaty with us."

The report of the committee for striking out the two-thirds requirement was "agreed to, nem. con."

Thus, clause 3 of section 8 of Article I of the Constitution, specifically intended to empower Congress to create and maintain an American marine, received practically the unanimous assent of the Con-

vention. Such a provision was not made for any other industry. Practically, the Federal Government was to take over from the States the protection of navigation which they would necessarily relinquish. Had this compact not been made the Constitution would not have been adopted. The solution of the shipping problem being of such importance we naturally find the power needful for it at the head of the list of "enumerated" grants—only the revenue powers preceding it. It is simple, but ample: "To regulate commerce with foreign nations and among the several States and with the Indian tribes."

#### SEC. 4. *Ship protection by early Congresses.*

In the very first act for the collection of revenue Congress redeemed the promise to promote the national marine. Discriminating tariff duties were the means. An act providing for discriminative tonnage duties soon followed, then a registry act providing that American vessels must be American built. In a few years quite a system of ship protection was evolved. The coasting trade was entirely recovered, and an East India and China trade established. Shipbuilding, navigation, and commerce of our own began to enrich the country. Our seaports boomed. In six years' time we were carrying all our domestic trade and 90 per cent of our foreign commerce. The best mind and muscle of our people took up the trades of the sea. The flag of the Union flew from the trucks of the best ships on the ocean. The name and fame of the United States grew world-wide. Doctor Seybert, long in Congress, in his *Statistical Annals* (1818), states that—

"Our discriminations operated powerfully in favor of our shipping. Vessels not of the United States of 200 tons burden on entering our ports paid £20 tonnage duty, and for a cargo of £2,000 they paid £15 extra duty more than did the vessels of the United States of the same tonnage and laden as aforesaid. These extra charges were sufficient to drive from our ports the greatest proportion of our foreign tonnage. All foreign nations were affected by the system we had adopted. It seemed to operate like magic in favor of the shipowners in the United States. The diminution of the foreign tonnage employed in our trade was, with very few exceptions, rapid, regular, and permanent." (In 1817 an act excluded foreign vessels from our coasting, lake, and river trades.)

#### SEC. 5. *A rival's enmity aroused.*

What was occurring in "America" stirred the British mind deeply. On the breaking out of war with France (1793) occasion was found for seizing and destroying our vessels. During the score of years that this war prevailed every chance was taken to injure our navigation and drive our people out of nautical pursuits. At length the war of 1812 was provoked. By closing some English eyes it opened the eyes of the world. Thirteen actions at sea scored 11 victories for the Stars and Stripes. Our ship protection well justified itself. When the time for peacemaking came a new occasion for the display "of spleen and sour disdain" supervened. We must cease to protect our vessels against British shipping. In 1785 we were refused any kind of a commercial treaty. Had England been liberal then our Constitution and our ship protection might not have been.

In 1794, under the "Jay treaty," England secured the tying of our hands, her own being free, in respect to ship protection. The new

deal must give her more advantage. A convention was agreed upon (for four years) with unprotection on both sides in direct trans-Atlantic trade. Thus the wedge was entered, and in 1828 Congress conditionally reversed our shipping policy, suspending the protective system that had built up our early marine. Since then foreign nations have captured our foreign carrying trade by any means at hand. We made conventions with them from time to time for free and unprotected carrying—"maritime reciprocity" this was called. In theory an elegant appellation, suggestive of courtesy, equitable commerce, and refined civilization; but in practice these ideas changed into illusion, artifice, and imposition. Most reciprocants put off an old coat to put on a new one, worsting us by elusive expedients. All our shipping conventions are now terminable on one year's notice. (A subjoined table sets out the facts concerning them and our experience under opposite policies.) The act of 1828 was mainly intended to induce England to open her ports in the West Indies, then for forty-five years closed to our flag. The act allowed vessels of any nation to arrive with cargoes from any country, the property of any person, on condition of reciprocal privileges. This was pitting our shipping unarmed against all the world. Few besides the British have gained by so doing. We have had our carrying trade ruined.

#### SEC. 6. *An infraction of compact.*

This experiment was not in order under the Constitution, being inconsistent with the compact of union. The regulation of commerce authorized was intended for the promotion of navigation, not for its extinction. Congress had no prerogative to nullify the rights and thereby sacrifice the shipping of the seaboard States. It held in trust for them the power that each one might have exercised for the protection of its shipping. It was its duty to discharge that trust with fidelity. It is its duty now to repeal the act of 1828 and terminate all the conventions under it. Of 42 such conventions which we have had but 22 remain.

The reasons why we should carry on our own commerce and navigation and pursue every trade related to the sea will next be presented.

#### SEC. 7. *Our industrial interest.*

Under our present policy our people have almost lost their appreciation of shipping. Foreigners have come to do all our thinking and acting in the direction of the sea. Five per cent of our population should live by the enterprises and industries connected with commerce, navigation, shipbuilding, and a hundred other trades closely related. Not 1 per cent does so now. All these are congenial pursuits, belonging by right to our own people. We are getting not to exceed 40 millions a year of business and employment out of 1,500 millions within our rights and our reach. No one should question the expansion thus indicated. It is a strange policy, indeed, that practically sets aside the ocean as a "reservation" for foreigners and keeps Americans off. In our trade with foreign countries both labor and capital suffer restraint. Those that would, if they could, honorably exploit the sea could hardly be made worse off by an embargo. Now our young men have no call to this vast theater of activity—to the

life of seamen; to the many trades involved in shipbuilding; to become shipmasters or engineers, or to begin a career as merchants, underwriters, or bankers in connection with their country's commerce. We present to-day a ridiculous situation—a maritime country, populous and rich, without a tithe of true maritime power, almost no marine for foreign trade, about to cut an isthmian ship canal, having but few vessels to use it, and with only a small navy afloat, that we can not man with native crews.

#### SEC. 8. *Our commercial interests.*

We have now a foreign trade with employment for vessels next in extent to Great Britain. Our resources admit of a larger commerce, and we shall soon become the largest importers, as we are already the greatest exporters in the world. Then, our need for ships and seamen, for merchants and underwriters, will exceed that of any nation on the globe. Our superiority in commerce will arrive the sooner if the ships and the merchants shall become our own without delay. For two hundred and fifty years the British have aimed to engross the ocean carrying trades as a means of extending their commerce. They are our principal merchants, shipowners, and underwriters, and can carry, control, direct, and restrict as interest dictates. In a war with them we should be nearly helpless for want of carriers and traders of our own.

The flags of 50 nations are borne upon the sea. Thirty-eight countries confine their banners to the land. The seven nations having the largest commerce with the least shipping of their own to carry it are the United States, India, Russia, Brazil, Argentina, Egypt, and Mexico. Seven nations have tonnage beyond their own needs and carry for others—Norway, Great Britain, Greece, Spain, Sweden, Denmark, and Japan. The commerce per capita of these nations averages in value \$42, while that of our own is \$31. These facts teach the importance of having merchants and shipping of a nation's own.

#### SEC. 9. *Our financial interest.*

When Germany became an empire under the direction of Bismarck no time was lost in adopting a shipping policy which should secure a favorable balancing of commerce, believing, as this great statesman did, with Alexander Hamilton, that "to preserve the balance of trade in favor of a nation ought to be a leading aim of its policy." In a paper laid before the German parliament in 1881 occurs the following:

"There is a desire (among the French) to prevent any diminution of the 400 to 500 millions francs' profit on freights which the transport trade of the French merchant service annually yields, and ministers point to the example of England, which, with a shipping of 8 million tons and with a profit from freight of about 2,000 millions, can look calmly at the deficits in the trade balance."

In commerce a ship serves two purposes: First, that of transport for the merchant; second, that of earning for its nation a degree of wealth and power. The service of the merchant is highly beneficial, but the national service is invaluable—first, in balancing foreign trade; second, in providing essential means for maritime defense.

Most shipless nations are always in foreign debt. Exports and imports may balance, but commerce as a whole be adverse, the balance



payable in coin. The explanation is this: Commerce consists of transportation as well as trade. The charge for freight follows the cargo. It is a virtual export or import. By our own ship abroad it increases our purchasing power there. By our own vessel home it lessens foreign demand for gold here. In the world of finance the "creditor nations" are those with an excess of shipping—the carriers for others. While American vessels carried more than half our exports and imports we could and did import more than we exported. Having lost our carrying trade, we now must export much in excess of importations, lose our gold, or let foreigners increase investments in our mines, factories, railroads, and city buildings. Boasting of our "balance of trade," while we should carry our own commerce and have it acknowledged that we are a "creditor nation," displays no sapience or compass of thought. The present extent of foreign carriage of our commerce makes it unsafe. The soundest financial legislation to-day would be a constitutional and effective measure for the reproduction of an American marine. This of itself will cause a change of merchants and underwriters.

#### SEC. 10. *Our political interest.*

Before our shipping policy was changed we were carrying 90 per cent of our commerce and were an independent nation, with foreign influence at a minimum, if existing at all. We asked from foreign nations justice only. Now, with the loss of our shipping power we are a dependent nation, subject to influence and dictation from the foreign interest that controls our trade and transportation. Our laws that formerly suited ourselves in respect to shipbuilding, navigation, and commerce, and in regard to revenue and finance, are not pleasing to our newly fledged masters. They want things reshaped to suit, not American, but foreign purposes. They want a better pull at the great American teat. Commerce and navigation—the men of trade and transportation—aim to and approximate the ruling of the world. To admit such a body as a foreign industrial, commercial, and financial interest to our political bosom is to prepare the ground for revolution. This interest, with its press, its patronage, its wealth, and its retainers, out of harmony with our laws and institutions, can not benefit our country, but must always menace its future happiness. In fact, our institutions, our laws, and our political sentiments are already undergoing change, debasement, and perversion. This adverse interest, as might be expected, is determined that Congress shall take no action toward a reinstatement of American shipping. It means to hold the fort. Congress may have the struggle of its history to subordinate this interest and finally reduce it to proper proportions.

#### SEC. 11. *Our military interest.*

Hitherto the military aspect of the shipping question has been generally overlooked. Attention has been called to the unprofitable state of private interest and "relief" sought. But the national interest far outweighs all private interests put together. The defense of the nation is deeply involved. The first step in ship protection hinged on this point. Madison argued thus (1789):

"Commerce ought to be free, but the conduct of other nations prevented this course. Especially was it necessary to make an excep-

tion in all that relates to national defense. Great stress was laid on this exception by some well-informed men; that each nation should have within itself the means of defense, independent of foreign supplies; that in whatever relates to the operations of war no State ought to depend upon a precarious supply from any part of the world."

The following extract is from a Senate report by Rufus King in 1822:

"Navigation and maritime industry, for a peculiar reason, call for national protection, for the art of navigation is an expedient of war as well as of commerce, and in this respect differs from every other branch of industry. Though it was once doubted, doubt no longer exists that a navy is the best defense of the United States; and this maxim is not more true than that a naval power never has existed and can never exist without a commercial marine, hence the policy of encouraging and protecting the ships and seamen of the United States."

Rufus King was a member of the Constitutional Convention. History had taught all our early statesmen that the power to build and to navigate was in itself a pillar of independence. That nations that take and keep the sea develop military as well as civil prowess. That vessels are weapons for war no less than tools for trade. That able seamen are valorous in defense ashore as afloat. Our war for independence had the aid of a loyal marine. Our war with the Barbary States, with France, and our second war with England were mainly fought by ships and seamen. The recent Spanish war was soon ended by our fleets. But, for the first time in our history, we had not the ships and men of our own sufficient for our purpose. We had to search the ports of Europe for transports and colliers; we even bought war ships abroad and had to enlist landmen. Fully one-third of our naval crews were foreigners. Had their nations sided with the enemy we should have been short of force, perhaps with a different result to our arms.

Who thinks of the fact that shipbuilding power is not only an essential element in naval warfare, but the very first requisition for final victory? If we would weigh for a moment the advantage of this factor, consider this fact: If the navy of Great Britain on the one hand, and the navies of France, Russia, Germany, Italy, and the United States on the other, were engulfed at sea with all their crews and had to be replaced, Great Britain could replace her ships in half the time it would take the other five nations to reproduce their fleets; and besides, Britain would have the seamen, the transports, the colliers, and the scouts ready for action when her navy was restored. Facts like these argue that American shipping should be built at home.

## SEC. 12. *Our shipping experience.*

In the following table the operation of our shipping policies may be studied. The tonnage in the foreign trade and the proportion of our carriage are given, both for imports and exports. The facts about our reciprocity conventions are also shown. Index figures are explained at the end. The part of the table prior to 1815 exhibits the time "before adoption of reciprocity." The part from 1815 to 1830 shows the time of "partial reciprocity." From 1830 down to the present is the period of "full reciprocity," in which our carrying trade has been lost.

The column of carriage shows distinctly the results of competition for employment. When it has been severe our percentage falls;

when it eases up our percentage rises, as a general rule. The columns of carriage afford a better test of conditions than the columns of tonnage, as the quantity registered may be large, but not all in use. Furthermore, the tonnage returns are inaccurate—too large in certain years.

The constant decline in carriage originated when our conventions for full reciprocity took effect, increased with the extension of the same and with the resorting of reciprocants to protective expedients, in violation of the spirit of their agreements. Not a ton of shipping is now in course of construction for the foreign trade.

## OUR SHIPPING EXPERIENCE.

*Tonnage and comparative carriage in foreign trade before and after reciprocity agreements.*

No.	Country.	Convention.		Foreign-trade shipping.	Proportion of our carriage in foreign trade.	
		Date of effect.	Time of term.		Imports.	Exports.
		Years.	Years.	Tons.	Per cent.	Per cent.
	BEFORE ADOPTION OF RECIPROCITY..	1789	-----	a 128,898	17.5	30
		1790	-----	a 346,354	41	40
		1791	-----	a 863,110	58	52
		1792	-----	a 411,438	67	61
		1793	-----	367,734	82	67
		1794	-----	438,863	91	86
		1795	-----	529,471	92	88
		1796	-----	576,733	94	90
		1797	-----	597,777	92	88
		1798	-----	608,376	91	87
		1799	-----	657,142	90	87
		1800	-----	657,107	91	87
		1801	-----	630,558	91	88
		1802	-----	557,760	88	85
		1803	-----	545,910	86	83
		1804	-----	660,514	91	86
		1805	-----	744,224	93	89
		1806	-----	798,507	98	89
		1807	-----	810,163	94	90
		1808	-----	765,252	93	88
		1809	-----	906,856	88	84
		1810	-----	981,019	93	90
		1811	-----	768,607	90	86
		b 1812	-----	758,636	85	80
		b 1813	-----	672,700	71	65
		b 1814	-----	674,633	58	51
		b 1815	-----	854,295	77	71
	PARTIAL RECIPROCITY.					
1	Great Britain <sup>a</sup> .....	July, 1815	4	854,295	77	71
		1816		800,760	73	68
	Netherlands (act) .....	1817	<sup>a</sup> Ind.	804,851	79	74
2	Sweden and Norway <sup>a</sup> .....	Sept., 1818	8	599,954	85	80
	Great Britain <sup>a</sup> .....	1818	10	599,954	85	80
		1819		581,230	87	82
		1820		583,657	90	89
		1821		598,825	92.7	84.9
3	France .....	Oct., 1822	<sup>a</sup> 2	582,701	92.4	84.1
		1823		600,008	92.1	87.4
		1824		636,807	93.4	88.7
		1825		665,409	c 95.2	89.2
4	Denmark <sup>a</sup> .....	Apr., 1826	<sup>a</sup> 10	696,221	95	c 89.6
5	Central America <sup>a</sup> .....	Aug., 1826	<sup>a</sup> 12	696,221	95	89.6
6	Hanseatic Republics <sup>a</sup> .....	Dec., 1827	<sup>a</sup> 12	701,517	94.3	87.5
	Sweden and Norway <sup>a</sup> .....	Jan., 1828	<sup>a</sup> 10	757,998	91.4	84.5
	Great Britain <sup>a</sup> .....	Oct., 1828	<sup>a</sup> Ind.	757,998	91.4	84.5
7	Brazil <sup>a</sup> .....	Dec., 1828	<sup>a</sup> 12	757,998	91.4	84.5
8	Prussia .....	Mar., 1829	<sup>a</sup> 12	592,859	93	86
	FULL RECIPROCITY.					
	British North American colonies (act) ..	Oct., 1830	<sup>a</sup> Ind.	537,568	93.6	86.3
9	Austria-Hungary .....	Feb., 1831	<sup>a</sup> 10	538,196	91	80.6
10	Mexico <sup>a</sup> .....	Apr., 1832	<sup>a</sup> 8	614,121	89.4	75.8

<sup>a</sup> Tonnage of arrivals.

<sup>b</sup> War with England.

<sup>c</sup> Carriage climax.

*Tonnage and comparative carriage in foreign trade before and after reciprocity agreements—Continued.*

No.	Country.	Convention.		Foreign-trade ship- ping.	Proportion of our carriage in foreign trade.	
		Date of effect.	Time of term.		Imports.	Exports.
FULL RECIPROCITY—continued.						
11	Russia	Years. May, 1833	Years. 7 6	Tons. 648,869	Per cent. 90.7	Per cent. 75.5
		1834		749,378	89	74.4
		(9 mo.) 1835		788,173	90.2	77.3
12	Venezuela <sup>2</sup>	May, 1836	7 12	753,094	90.3	75.4
		1837		688,205	86.5	77.7
13	Greece	June, 1838	7 10	702,962	90.6	82.8
14	Sardinia <sup>2</sup>	Mar., 1839	7 10	702,400	88.7	78.8
15	Netherlands <sup>4</sup>	July, 1839	7 10	702,400	88.7	78.8
16	Hanover <sup>4</sup>	May, 1840	7 12	762,888	86.6	79.9
17	Portugal <sup>2</sup>	Aug., 1840	7 6	762,888	86.6	79.9
		1841		788,398	88.4	77.8
18	Ecuador <sup>2</sup>	Apr., 1842	7 12	823,746	88.5	76.8
		(9 mo.) 1843		856,980	77.1	77
		1844		900,471	86.7	70.5
19	Two Sicilies <sup>4</sup>	Dec., 1845	7 10	904,476	87.8	75.8
20	Belgium <sup>2</sup>	Mar., 1846	7 10	943,307	87.1	76.2
	Hanover <sup>2</sup>	June, 1846	7 12	943,307	87.1	76.2
21	Oldenburg <sup>3</sup>	Mar., 1847	7 12	1,047,454	77.2	65.8
22	Mecklenburg-Schwerin <sup>3</sup>	Dec., 1847	7 10 1/2	1,047,454	77.2	65.8
	Mexico <sup>11</sup>	May, 1848	7 8	1,168,707	82.9	71.1
23	New Granada <sup>2</sup>	June, 1848	7 20	1,168,707	82.9	71.1
		1849		1,258,756	81.4	68.9
24	Hawaiian Islands <sup>2</sup>	Aug., 1850	7 10	1,439,694	77.8	65.5
		1851		1,544,663	75.6	69.8
25	Guatemala <sup>2</sup>	May, 1852	7 12	1,705,650	74.5	66.5
26	Costa Rica	do	7 7	1,705,650	74.5	66.5
27	Salvador <sup>4</sup>	June, 1852	7 20	1,705,650	74.5	66.5
28	Peru <sup>2</sup>	July, 1852	7 10	1,705,650	74.5	66.5
	Netherlands <sup>1</sup>	Feb., 1853	7 2	1,916,471	71.5	67.1
29	Argentine Republic	Dec., 1854	None.	2,151,918	71.4	69.3
		1855		2,348,358	77.3	73.8
	Two Sicilies <sup>2</sup>	Nov., 1856	7 10	2,302,190	78.1	70.9
		1857		2,268,196	71.8	60.2
	Denmark <sup>1</sup>	Jan., 1858	7 Ind.	2,301,148	72	75
	Belgium <sup>2</sup>	Apr., 1859	7 10	2,321,674	68.7	69.9
30	Paraguay	Mar., 1860	7 10	2,379,396	68	69.7
	Venezuela <sup>2</sup>	Aug., 1861	7 8	2,494,894	65	72.1
31	Ottoman Porte <sup>2</sup>	June, 1862	7 28	2,173,587	44.8	54.5
32	Bolivia	Nov., 1862	7 10	2,173,587	44.8	54.5
33	Liberia	Feb., 1863	None.	1,926,886	43.8	40
		1864		1,486,749	24.6	30
34	Honduras	May, 1865	7 7	1,518,350	29.9	26.1
35	Haiti	May, 1866	7 8	1,387,756	25.1	37.7
36	Dominican Republic <sup>2</sup>	Oct., 1867	7 8	1,515,648	28	39.1
37	Nicaragua <sup>2</sup>	June, 1868	7 15	1,494,389	33	36.6
38	Madagascar <sup>4</sup>	July, 1868	None.	1,494,389	33	36.6
		1869		1,406,220	31.3	34.9
		1870		1,448,846	33.1	37.7
39	Italy	Nov., 1871	7 5	1,363,652	31	32.6
		1872		1,350,040	26.8	29.8
		1873		1,378,538	27	25.7
	Salvador <sup>2</sup>	Mar., 1874	7 10	1,389,815	30.2	24.6
	Peru <sup>2</sup>	May, 1874	7 10	1,389,815	30.2	24.6
	Belgium <sup>1</sup>	June, 1875	7 10	1,515,598	29.2	23.7
		1876		1,553,705	30.8	25.4
		1877		1,570,600	31.5	23.7
		1878		1,589,348	32.2	22.6
		1879		1,451,605	31.6	17.6
		1880		1,314,402	22	13.7
		1881		1,297,685	19.9	13.8
40	Korea	May, 1882	10 None.	1,259,492	19.2	12.8
	Madagascar <sup>3</sup>	Mar., 1883	None.	1,269,681	20.7	13.4
		1884		1,276,072	22.4	14.4
		1885		1,262,814	21.3	13.7
41	Spain (islands) <sup>5</sup>	Oct., 1886	None.	988,041	20	13.6
	Spain (an agreement) <sup>5</sup>	Sept., 1887	None.	989,412	18.6	12.2
	Peru <sup>2</sup>	Oct., 1888	7 10	919,402	18.5	11.79
		1889		990,619	17.08	11.62
		1890		928,062	16.88	9.03
		1891		968,719	15.86	9.26
		1892		977,624	17.66	8.11
		1893		863,199	15.45	8.79
		1894		800,694	19.43	8.74
		1895		822,347	15.49	8.22
		1896		829,633	15.76	8.57
		1897		792,870	14.97	8.10
	Spain (as to Philippines)	Dec., 1898	10	720,213	15.97	5.87

*Tonnage and comparative carriage in foreign trade before and after reciprocity agreements—Continued.*

No.	Country.	Convention.		Foreign-trade shipping.	Proportion of our carriage in foreign trade.	
		Date of effect.	Time of term.		Imports.	Exports.
	<b>FULL RECIPROCITY—continued.</b>	<i>Years.</i>	<i>Years.</i>	<i>Tons.</i>	<i>Per cent.</i>	<i>Per cent.</i>
42	Japan .....	July, 1899	12	837,229	12.36	6.87
		1900	-----	816,795	12.94	7.07
		1901	-----	879,696	11.99	6.12
		1902	-----	873,235	12.06	6.64
		1903	-----	879,264	12.88	7.14

*Meaning of indices.*

- <sup>1</sup> Extension or renewal of term.  
<sup>2</sup> Terminated by foreign country giving notice.  
<sup>3</sup> Merged into another country.  
<sup>4</sup> Superseded by later treaty or convention.  
<sup>5</sup> Terminated by war.  
<sup>6</sup> Convention at first protective on both sides; became nonprotective in 1828; terminable after six months' notice.  
<sup>7</sup> Continuable by its own terms; terminable on one year's notice.  
<sup>8</sup> As to reciprocity articles only.  
<sup>9</sup> By act of Congress—repealable.  
<sup>10</sup> To be revised if desired after five years.  
<sup>11</sup> Abrogated by treaty, 1853.  
*Italics*—Countries we now have agreements with.  
*Ind.*—Term is indefinite, but terminable after one year's notice.  
*None*—No term stated.

**EXPLOITATION OF OUR FOREIGN TRADE.**

The foregoing table shows that the adoption of our present nonprotective shipping policy was soon followed by exploitation of our commerce and navigation, eating like a cancer into our thrift and independence, into our substance and solvency, into our character as well as our wealth. It is now gnawing at our bones.

All the shipping nations having conventions with us for nonprotection, which alone enables them to appropriate our trade, have resorted to protection of some kind to hold their places in the carriage of commerce or else enjoy advantages equivalent to acts of protection. This justifies our release. Only equality of footing and equitable operation can exemplify a just reciprocity. Any other is a fraud.

The following tables give point to the accusation just made. But seven foreign flags are given, being the principal beneficiaries of our policy.

**TABLE A.—Exports of merchandise by vessels of the principal flags, 1902.**

Flags (in beneficial order).	Carried to home ports.	Carried to colonial ports.	Carried to other countries.	Total value carried.	Carried home and colonies.
					<i>Per cent.</i>
Norwegian .....	\$492,726	-----	\$31,148,376	\$31,641,102	1.55
Belgian .....	163,948	-----	12,791,745	17,955,693	23.78
Italian .....	12,741,284	\$1,100	9,246,191	21,988,575	57.95
British .....	474,483,414	69,049,035	241,861,774	785,393,223	69.20
German .....	104,118,642	6,349	40,525,549	144,650,540	71.98
French .....	19,403,293	31,905	5,707,873	25,143,044	77.29
Dutch .....	31,721,606	606,948	6,776,876	39,105,430	82.67
Above flags .....	648,124,886	69,695,337	348,057,384	1,065,877,607	a 67.34
Other foreign flags .....	-----	527,550	80,555,977	82,558,097	
American .....	-----	-----	-----	81,083,527	
<b>Total of all flags .....</b>	-----	-----	-----	<b>1,229,514,231</b>	

a Average.

TABLE B.—Imports of merchandise by vessels of the principal flags, 1902.

Flags (in beneficial order).	Brought from home ports.	Brought from colonial ports.	Brought from other countries.	Total value carried.	From home and colonies.
					<i>Per cent.</i>
Norwegian .....	\$97,218		\$27,657,899	\$27,755,057	0.36
Belgian .....	2,398,878		16,870,387	19,269,265	12.17
British .....	143,604,426	\$58,016,958	250,099,207	451,720,591	44.84
Dutch .....	11,041,625	2,611,864	15,942,876	29,595,365	46.13
German .....	62,107,425		45,972,480	108,079,905	57.46
Italian .....	7,277,909		4,473,853	11,751,762	61.93
French .....	37,925,501	43,972	20,348,956	58,318,429	65.10
Above flags .....	264,458,982	60,672,294	381,306,098	706,430,874	a 46.02
Other foreign flags .....		59,093	102,128,909	38,884,598	
American .....				102,188,002	
Total of all flags .....				847,002,974	

a Average.

## SCOPE OF EXPLOITATION.

Norway was the first recipient of benefits from full reciprocity, which has become no reciprocity at all. The carrying done by her large fleet in our trade all belongs to our own vessels, there being neither trade nor transportation to reciprocate with her. She carries \$64.21 of our exports to countries not under her flag for each dollar's worth she carries home. We carry to her nothing whatever. She brings \$284.49 of our imports from countries not under her flag for each dollar's worth she brings from home. She carries one-third as much of our commerce as we do ourselves. She does this by no just right, only by a privilege we have granted her in a convention terminable at our pleasure on notice of a single year.

Belgium carries in our commerce, both ways, a quantity of freight greatly in excess of her proper trade with us. Of exports she takes to other ports than her own 71.24 per cent, and brings from such ports 87.83 per cent of all that she lands in our country. None of this transport belongs of right to her marine, but most of it by right belongs to our own.

British carriage in our commerce is peculiar. Of our exports they take the larger part, 69.20 per cent, to home and colonial ports, while they bring the larger part of imports from countries not under their flag—56.36 per cent. Of our total exports they take away 63.36 per cent, and of our total imports they bring 53.21 per cent. Of the exports carried to non-British ports by the seven foreign nations (in the table) 69.48 per cent go by British ships; of the imports brought from non-British ports 65.57 per cent come in ships of the British flag. Of our entire sea carriage, in foreign trade, 58.81 per cent is done by British shipping. Thus the contention of one hundred and twenty years for the carriage of American commerce has been richly repaid through the unprotection of our marine and the protection of their own.

Holland carries in our trade of exports to countries not under her flag the least of any of the seven nations—17.33 per cent. She brings from such countries 53.87 per cent, or three times as much in value as she carries to them. She was the first nation to accord us fair play on the ocean.

Germany has of late greatly advanced in navigation. German

pride throughout the world has been enlisted in assisting the Government to foster German shipping. This flag now ranks all but the British in the carriage of American commerce. It is more legitimate, however, as much less is carried to and brought from countries not under German rule. Of our exports she freights 71.98 per cent to her home and colonial ports, and from thence she brings 57.46 per cent of all she carries to ours.

Italy, like France, is under a bounty policy. Like France, too, she aims to increase her marine at our expense. Of our exports which she takes 42.05 per cent are carried to countries not her own; of the imports that she brings, 38.07 per cent comes from ports not her own.

France feels herself desperately situated. She must have shipping power or lose much in national rank—perhaps ultimately her independence. Much of her commerce is due to her possession of shipping. She has now few colonies, and her volume of exports is moderate, though valuable. Her marine need not be large on the score of her commerce, as in our own case and that of Great Britain. Her plan seems to be cut as deeply as possible into the carrying trade of the United States and all countries not ambitious of shipping power. Hence her highly subsidized marine. Of our exports taken by French ships, 22.71 per cent are carried to countries not her own; and of the imports received in return, 34.90 per cent comes from such countries and communities.

As for the exploitation of our commerce done by other foreign flags, it is not large. Of the total value carried, the percentage is only 7.46 for exports and 4.53 for imports.

Summing up the exploitation feature, we find the seven flags to have carried, of exports to home and colonial ports, an average of 67.34 per cent, and to the ports of other countries 32.66 per cent; and of imports these flags have brought from home and colonial ports 46.02 per cent and from the ports of other countries 53.98 per cent. Taking exports and imports together, the proportion is, to and from ports of other countries than their own, 41.16 per cent.

We may therefore conclude that about 42 per cent of our commerce is indirectly carried by foreign shipping instead of directly by our own. Besides this, they carry our part of commerce in the direct trade. We carry 8 per cent ourselves of both direct and indirect, and should reach the mark of 75 to 80 per cent.

The time has come to reestablish the principle that the carriage of the commerce between any two nations belongs to their vessels. Third parties have no rights in it except by consent of both, for if one has no ships with which to carry its share of the trade it has no right to prefer a third nation to its correspondent whose vessel fairly comes in for the carriage that is lacking. There is no just ground for the ambition to carry for "the world." Policies of this nature contravene the just rights of all nations, and all should resist their operation as offensively monopolistic.

Coming to the solution of the problem of an American marine, we find but one that is true and practical, namely, the specific mode provided in the Constitution—the regulation of our foreign commerce. Without this regulation we shall fail, whatever other measures we may adopt. And with this regulation, unless we fix our discrimination high enough, we shall not wholly succeed. The case is of such long standing that any successful remedy must approach the powerful and severe.

## AS TO THE TREATIES.

The CHAIRMAN. Captain Bates, as I understand the matter, you are an advocate of differential duties?

Mr. BATES. Yes, sir.

The CHAIRMAN. Have you given careful consideration to the question whether, in view of our commercial treaties with some thirty-odd nations of the world, that is a practicable scheme?

Mr. BATES. In the Protectionist for June is an article I prepared to cover the point about the treaties and conventions and relations that we hold to-day. That article has already been received by this honorable Commission in New York, and it will be in your proceedings. There is no trouble at all in regard to the treaties except that we must give a year's notice. No matter what we do, we ought to get rid of that policy, because under it we have lost our marine. The act of 1828 authorizing these different conventions amounted to very little until the English came in. That act was intended to induce the British to let us enter the West Indies.

The CHAIRMAN. The Commission are pretty well acquainted, Captain, with these historical facts; but what I wanted to bring out from you is whether you are fully satisfied in your own mind that the abrogation of those treaties would not create a commercial uproar, as between our nation and the other nations of the world, which would be very troublesome, and whether or not it would result in retaliation on the part of foreign nations.

Mr. BATES. It would do no harm at all, because the treaties and conventions, or whatever they may be, are all time agreements. The first one ever made was made with Great Britain in 1815, and it ran for four years; but we were making a treaty with them at that time in London with reference to the fisheries, and they made the point that we must extend, and we did extend, that first convention in this treaty of 1818. At another time, in 1827, we had a convention with them in London, and they got the treaty extended then by certain articles in a separate document, extending it indefinitely; but either party, by giving notice of one year to the other of his intention to terminate it, could terminate it after the lapse of that time.

These treaties are all conventions relating to this maritime business. They are mere time agreements with a provision that on a year's notice they can be terminated by either party. That is true of all of them except the one with France, which requires a notice of six months. There are some twenty-two of these treaties, and the other party can give us notice and get rid of them at any time.

The CHAIRMAN. We are very much obliged to you, Captain Bates. Your paper will be read with great interest by the American people.

## STATEMENT OF C. E. KREMER.

C. E. Kremer appeared before the Commission.

The CHAIRMAN. Mr. Kremer, will you state to the Commission what is your present business?

Mr. KREMER. I make a specialty of practicing admiralty and maritime law. I am also a shipowner on the Lakes, and am intimately connected with shipbuilding and the commerce of the Lakes.

The CHAIRMAN. Are you familiar with the provisions of law under which this Commission is acting and the duties that are imposed upon it?



Mr. KREMER. I had the pleasure, as well as the honor, of attending the dinner last evening at which the members of the Commission were present, and I heard your remarks, Mr. Chairman, on that occasion, so that I am familiar with the subject.

The CHAIRMAN. The Commission will be glad to hear any views you may wish to present that will aid us in the investigation in which we are engaged.

Mr. KREMER. I do not know that I can give you any new light on the subject, because I assume, from reading the reports of the Marine Review, in which I have followed rather closely, or as closely as your proceedings have been reported in that periodical, what you have listened to in the East (and the subject, judging from the reports, has been most thoroughly covered), that you have become familiar with all of the statistics bearing upon the subject, and about all I can add to what has been said by those more familiar with the subject is simply to give my personal views for what they are worth.

I have given the subject some thought and some investigation. I am to a certain extent, in the practice of my profession and in my business interests, more or less familiar with shipbuilding and the operation of ships. I am aware, and have been for a number of years, that the foreign merchant marine is gradually decaying; that our seamen are disappearing from the seas. I have seen it steadily decreasing for a number of years until, as you said last evening, any man, without being a prophet, could see that in a few years, if it continues, we will have no foreign merchant marine.

That being an established fact, it may perhaps not even be necessary to look back over the history of this country for the purpose of seeing how it happened that our merchant marine disappeared from the sea. It might only be necessary to go into that for the purpose of seeing what caused the decay, with a view of suggesting some manner of restoring the merchant marine.

#### FOR FREE SHIPS AS A LAST RESORT.

When by legislation a country deprives any interest of the right to buy where things can be bought cheapest, that interest is injured, and usually for the benefit of some other interest. If to-day the navigation laws of the United States prohibiting an American from flying the American flag on anything but an American bottom are such that they compel the American to pay anywhere from 25 to 65 per cent more for the vessel he desires to operate than he can purchase it for elsewhere, his interests are injured to that extent, and they are injured for the benefit directly of the American shipbuilder. You might as well say to him, "You can buy a ship where you please, but you will pay, according to the size and quality, anywhere from 25 to 50 per cent of the cost of that ship as a bounty, tariff, or duty to the United States Government." You might as well say that to him as to do what is being done to-day.

Now, since the Republican party has come into power and has adopted the doctrine of protection, we all know that the profits of the various industries protected have greatly increased. The palaces of the plutocrats of Pittsburg are a standing evidence of the fact that protected industries at least add to the profit and individual wealth of those engaged in the manufacture of these protected articles.

It may be said, on the other hand, that the thrifty cottages strung along the banks of the Allegheny River and the other streams of

Pennsylvania show that the workingman engaged in this same manufacture has also been benefited; but we do know, as a matter of fact, that it has greatly increased the cost of everything that has to be manufactured, and that the cost of labor has greatly risen. Looking back to the period between 1850 and 1860, when I was a young man, I know that after the Republican party came into power wages increased very materially. There is no doubt that the cost of building ships in the United States increased at about that time; but in my research I find that the iron and steel ship came into use in the United States for the first time to any extent in the year 1871. When England could build her ships of iron, and subsequently of steel, she became a competitor of the United States, which was then building only wooden ships, to such an extent that she could build them as cheap as the United States could furnish wooden ships, if not cheaper.

We are at the present time putting upon the shipowner a burden for the benefit of the shipbuilder; and if the people of the United States are so much opposed to subsidy, if that word so stinks in their nostrils that they will not tolerate any legislation which is going to provide a subsidy for this interest, if they are going to be opposed to discriminating duties, and opposed to the awarding of large and heavy mail contracts, then I say Congress should take off the statute books that law which prohibits a man from going over and buying a cheap ship.

#### THE IMPORTANCE OF SHIPYARDS.

The CHAIRMAN. I will say, Mr. Kremer, that this Commission has no evidence that the American people are opposed to any of the methods that have been proposed for aiding the merchant marine.

Mr. KREMER. I hope they are not.

Senator PENROSE. Do you not think it is just as important to have our own shipyards as to have our own ships?

Mr. KREMER. No; not quite.

Senator PENROSE. Perhaps not quite, but from a military and naval point of view, the point of view of our independence of foreign nations, it seems to me just as important a proposition.

Mr. KREMER. I agree with you. I want to qualify what I have said. I think it is important that we should have shipyards, and it is important that we should build our own ships, because we have a large and prosperous coasting trade, and we will always have shipyards for the purpose of building our coasting vessels; and they will be large enough and sufficient to build all the war vessels we need. I think it would be a very good thing if we could build ships for our foreign trade; but if the people of the United States are so opposed to any legislation that is going to help the foreign marine, then Congress should take off the statute books the law which prohibits the American from buying a ship elsewhere than in the United States, and which ship by law should be compelled to engage only in the foreign carrying trade.

The CHAIRMAN. We have yet failed to find a shipbuilder or a shipmaster who says that he could operate free ships in competition with foreign ships. They say that the extra cost of operation and the subventions and subsidies of foreign nations would make it absolutely impossible for them, and every shipbuilder we interrogate says that free ships would not help him out.

Mr. KREMER. I realize that the extra cost of an American ship over a foreign ship is a very material item, but it is the combination of both these things that now injures us—that is that we are operating an expensive ship expensively.

The CHAIRMAN. But if they get the ship as cheap as it can be built anywhere in the world, they say they could not possibly operate it. Furthermore, Mr. Kremer, of course you are aware that there is a rebate on all material imported for the building of ships in American yards for the foreign trade.

Mr. KREMER. I realize that.

The CHAIRMAN. But they do not build them.

Mr. KREMER. I realize that.

Senator PENROSE. It has been stated in the testimony, I think, Mr. Chairman, that most of the shipyards could be closed absolutely, and that the original cost of a ship is but a small part of the general burden; that the difficulty is more due to the additional cost of maintenance afterwards.

Representative MINOR. I do not understand that Mr. Kremer is advocating free ships at all. I understand he holds that as long as this country is under the Republican policy of protection, as long as the industries of the country are protected by a tariff, the people of the United States ought to be willing to extend this same aid as subsidy to the ships engaged in foreign trade.

Mr. KREMER. Certainly, I am in favor of legislation that will help the American shipowner, so that he can engage in the foreign trade; so that the shipyards of the United States can build thousands of ships for that trade. But if there is to be no legislation that is going to help him; if the people are opposed to that legislation, and we are going to lose our merchant marine anyway, why not allow those who will and those who can to buy their ships abroad? If we are going to lose it anyway, the shipyards of America will not be injured; they will be benefited.

Representative MINOR. There is nothing now to prevent an American citizen from going abroad and buying a ship and keeping a foreign flag over her, thereby avoiding the extra expense to which he would be put if he took the American flag, because under our laws the officers must be American citizens, and the food schedule is more expensive than in any other country in the world.

Mr. KREMER. I know that.

Representative MINOR. And I will say to you, for your information, that in the hearings that we have had in Boston, New York, Philadelphia, and Baltimore, we did find not a single man who was willing to say he would put a dollar of money in a foreign ship and take the American flag, if he could get it.

Mr. KREMER. Not under the present laws.

Representative MINOR. No.

#### ASSISTANCE OR FREE SHIPS.

Mr. KREMER. I can readily understand that, but what I meant to emphasize, as my individual opinion, is this: I have been advocating assistance for the foreign merchant marine for a great many years. I have written letters and I have made little talks on different occasions in favor of helping the foreign merchant marine. I have done everything I could, in my humble way, to promote the interests of the foreign marine; but on looking over the record of what became of the

Hanna bill and reading of the bitter opposition to that bill, at which I was surprised, I could see that there was something hostile in the minds of the American people. Perhaps it was due to ignorance on the subject; perhaps the word "subsidy," as I said before, stinks in the nostrils of the American people; but whether for that or some other reason, they were opposed to it. If they are going to carry that to the end, the logic of the situation is: If the American shipyards are not going to build foreign ships because there is no demand for them, then they could not be injured by allowing the American flag over them while engaged in the foreign carrying trade. The shipbuilder could not complain, because there is no demand for ships to engage in the foreign trade. The farmer and the manufacturer could not complain, because they would not be injured in any way.

Then there is another phase of this matter which perhaps the Commission has already considered. It has probably been referred to, but I desire to refer to it again. It is along the line of discriminating duties. We must consider that in order to establish a trade for our products we must come into competition with the rest of the world. The cheapness of the article—the price at which it can be purchased—is going to govern more than any other one thing. It will not be what the article costs in the United States, but it will be what it costs in the foreign country where it is bought to be sold or used. Therefore the question of transportation is going to be an important one, and if we are going to increase the cost of transportation we simply increase the cost of the article to the foreigner who is about to buy it.

The only argument against discriminating duties that I have been able to find is that one argument, that by placing a penalty, if you please, or a duty or a charge upon a foreign ship that brings a cargo here from any other country than our own, if we in that way increase the carrying charge so that the American ship will get more than the foreign price, or more than the foreigner would charge for carrying it, then of course that price is necessarily added to the article which we export, and it may mean so much of an addition as to destroy the market for the article.

#### FOR DISCRIMINATING DUTIES AND MAIL CONTRACTS.

I am a believer, first, in discriminating duties, and, next, in very liberal mail contracts. I believe that we ought to establish, if not by subsidy, then by advantageous mail contracts, lines of steamships between New York and the Argentine, lines of steamships between New York and Panama, on the Caribbean Sea, and a line of steamships from the other side, along the Pacific coast of South America. We also ought to provide for a line of steamships between New Orleans and Panama; and these lines that run to the south could touch at Porto Rico and Cuba and the other points along the line.

Now, I think it is of the utmost importance, and I have advocated it in a small way for the last fifteen years, that Congress ought to do that. I have talked with Congressmen about it, I have talked with other statesmen about it, and I have always been satisfied that it is a necessity for the convenience of our people and an advantage, because I think it would build up a trade with those countries that would be very valuable to our people.

In that connection let me just refer to one item, perhaps more in detail than was done by Mr. Barrett in his very able talk. We all know, in our practical experience, that merchants do not always buy

a carload. We do know that they do not always buy a shipload. Now, unless you have a regular line of communication, you can not accomodate the smaller purchasers. It would make no difference to the man who buys by the carload, because he could charter a whole ship to bring his commodity from any part of the world; but I venture to say that probably over 80 per cent of the trade we would find down there would come in such lots as would make very much less than a cargo at any one time. Therefore that trade can only be properly cared for by establishing a regular line. Even though we might have a large fleet of tramp ships, they would not take care of that trade and would not confer upon the people here the benefit that a regularly established line would confer, to say nothing about the convenience of the passenger and the traveler.

I hope the few remarks I have made will show you the attitude that I occupy, and that I may be understood as saying I am a staunch, loyal friend to the American marine, both coastwise and foreign, and that I stand ready to bear my portion of the burden to reestablish it, so that we can be as proud of it as we once were, when we had the fastest and finest ships on the sea.

#### SOME LAKE EXPERIENCES.

The CHAIRMAN. You would favor an extension or amendment of the act of 1891, which gives what might be properly called postal subsidy?

Mr. KREMER. Oh, yes; and as extensive as may be necessary to establish these lines, without regard to the actual cost.

Senator PENROSE. Could you inform me how much foreign tonnage enters the Great Lakes? Is it a large amount?

Mr. KREMER. Do you mean from foreign ports?

Senator PENROSE. From foreign ports.

Mr. KREMER. Other than Canada?

Senator PENROSE. Yes; other than Canada.

Mr. KREMER. It is very little. It would not be more than a cargo or two a year; that is, I mean shipments to the United States.

Representative MINOR. What has become of those boats they built here to go in the foreign trade? Did they not fail?

Mr. KREMER. Yes.

Representative MINOR. They failed to make it a success?

Mr. KREMER. We built a line of boats here to trade between Chicago and England, and they failed. They failed because of the extraordinary cost of insurance. The dangers of navigation between here and the ocean were such that the rate of insurance charged, both on the cargo and on the ship, was so high as to make it unprofitable for them to engage in that trade.

Senator PENROSE. There is no line from any point on the Lakes to any foreign point other than Canada, is there?

Mr. KREMER. Not at present. Occasionally a ship comes in. I remember a Norwegian ship came in here one day with a cargo of dried fish, and occasionally some man who has ventured to improve his condition by taking his vessel out on the ocean comes back in her with a cargo. She is usually rather lame and lopsided when she gets back, and is glad to get here in any condition.

Representative MINOR. There is something in connection with the Canadian Pacific at the head of Lake Superior.

Mr. KREMER. There is a line of boats that runs between Port Arthur

and the Canadian ports at Owen Sound and Collingwood on the Canadian side, and those are built in part in England.

Representative GROSVENOR. There are only three or four of them, are there not?

Mr. KREMER. Only three or four; just about enough to make a semi-weekly line.

#### STATEMENT OF R. H. FERGUSON.

R. H. Ferguson, of Chicago, Ill., appeared before the Commission.

The CHAIRMAN. Mr. Ferguson, will you kindly state to the Commission in what line of business you are engaged?

Mr. FERGUSON. I am at present in the water office of the city hall, in the meter division. My former business experience has been in the transportation of grain. In fact, I organized the American Cheap Transportation Association in 1873, of which I was made the secretary, and the venerable Josiah Quincy, of Boston, was the president.

I saw by the press this morning that this meeting was to be held to-day, and a general invitation was extended to citizens to offer suggestions. That is my excuse for presenting myself before you.

The CHAIRMAN. Mr. Ferguson, the Commission will be pleased to hear any views you may wish to express.

Mr. FERGUSON. I presume I am like all other American citizens. I have a patriotic desire to see our commerce floated to all the ports of the world and carried under the American flag. If the policy that has been pursued during the past has resulted in what was stated last night by a citizen, that he had traveled 50,000 miles without seeing the American flag floating over a merchant marine, it seems to me that the patriotic course and the practical course for us to pursue would be to adopt any policy that will enable American citizens to ship under the foreign flag.

#### FOR A TONNAGE SUBSIDY.

I believe, sir, that if the Government should say to all owners of vessels, no matter where they were constructed, "If you will fly the American flag we will pay you so much per ton for transporting American goods to foreign ports"—of course I do not mention any amount; that is for the Commission to determine, after thorough consideration—"and upon all tonnage returned from foreign ports to our country we will pay you a certain amount of tonnage as subsidy," it would accomplish the desired result.

I do not favor giving any special shipping line or shipbuilders a particular subsidy, for I believe that would create a monopoly; but I think that if all were given the opportunity to ship under our flag, and that should be made a part of the consideration for the contract, it would not be long before the American flag would be seen in every port in the world where vessels could land. There are auxiliaries also to be added if you wish to improve American commerce. Under the policy which has been adopted our manufacturers now are able to compete with all the world, and it seems a sad commentary that we can not ship our goods under our own flag.

What are the practical things which a manufacturer in Illinois, and peradventure in all the other States, requires to enable him to transport his products to a foreign country? First, it seems to me, is the ability to go to the bank, after he had received his bill of lading, and

there obtain a sufficient amount of advance on his products that are loaded in the car or the vessel to enable him to continue his manufacturing and to carry the goods to another country, wherever that may be.

It seems to me that if our National Government had established in foreign countries a system of banking by which the banker here, for instance, this great institution in whose building you are holding your meetings, forwards a bill of lading to his correspondent in Germany, France, or any other country, it would be a great advantage to the shipper. The bill of lading would go directly to a representative of this Government in that country. That representative could also be made a commercial agency and issue reports such as are issued by the Bradstreet Agency. For example, this bank would ask the bank there if this German or this Frenchman or this other foreigner is good. A report would be made on it, and then when the bill of lading is sent to that country the bank there can advance on it and can also look after the collection.

That is one of the auxiliaries that I think is necessary to enable our merchants here to carry on their business. A man gets a great amount of goods in transport. If he can not borrow enough from the local banks to enable him to continue business, he has to shut down.

I do not know that there is anything more that I wish to say.

The CHAIRMAN. We are much obliged to you, Mr. Ferguson. Is Capt. J. G. Keith present?

Mr. KEITH. Mr. Chairman, I do not care to say anything at the present time.

The CHAIRMAN. Is there any gentleman present who desires to be heard during this session? If not, the Commission will take a recess until the hour of 2.30 o'clock this afternoon.

The Commission (at 12 o'clock and 35 minutes) took a recess until 2 o'clock and 30 minutes p. m.

The Commission reassembled at the expiration of the recess.

#### STATEMENT OF W. L. BROWN.

W. L. Brown appeared before the Commission.

The CHAIRMAN. Mr. Brown, the Commission will, if agreeable to you, be pleased to hear your views in reference to the matter under consideration. Will you state to the Commission the line of business in which you are engaged?

Mr. BROWN. I am president of the American Shipbuilding Company, builders of ships on the Great Lakes. We have building plants at Buffalo, Cleveland, Lorain, Wyandotte, Detroit, Bay City, Duluth, and Chicago, and repair plants at all of those places and at Milwaukee.

The CHAIRMAN. Before commencing, Mr. Brown, I will ask you as to the condition of business in your shipyards at the present time?

Mr. BROWN. At present it is practically nil. We have a little work in construction that we are completing. We have no new contracts. On the other hand, our repair and dry-dock work, because of the large fleet employed on the Lakes, is fair.

Senator PENROSE. Are you doing any Government work at present, Mr. Brown?

Mr. BROWN. We never do any Government work.

Senator PENROSE. I had an idea that you built some revenue cutters. That is the reason I asked the question.

Mr. BROWN. I ought to qualify that by saying that at one time we built two revenue cutters. The result of that construction was, however, that we did not want any more of it.

Mr. PATON. Did the Government pay you?

Mr. BROWN. The Government paid us.

The CHAIRMAN. You took that work in competition with other firms, I suppose?

Mr. BROWN. In competition with coast yards, when the coast yards were not at all busy. They needed work very much more than we needed work, and that condition has prevailed almost up to the present date, because until quite recently, owing to various conditions, we have been very busy. For instance, in the past five years we have built 175 modern steamers, both freight and passenger. The carrying capacity of the fleet that we built amounts to about 1,000,000 tons. I mean by that not the registered tonnage of the ships, but the quantity of coal or iron ore or grain that they could carry on one trip would amount, in round numbers, to about 1,000,000 tons.

Senator PENROSE. Can a vessel be built as cheaply on the Lakes as on the seaboard?

Mr. BROWN. I think so. I am satisfied from my investigation and observation of it that it can be.

The CHAIRMAN. Now, Mr. Brown, proceed in your own way.

Mr. BROWN. Unquestionably this is true, to add one more word in regard to that construction. We on the Lakes standardize our type. It goes without saying that any plant or plants can build 2, 4, 6, 8, or 10 ships of the same general type much cheaper than it could build 2, 4, 6, 8, or 10 ships of distinct and separate types.

Representative GROSVENOR. What would be the difference? Take the average variety in type of vessels, and say 10 of a single type, first. What would be the difference, in percentage?

Mr. BROWN. I should say easily 6 per cent.

Senator PENROSE. Are there any shipyards, Mr. Brown, on the Canadian side of the Lakes? Do the Canadians build any ships?

Mr. BROWN. Yes; there are shipyards at Toronto and Collingwood, and a projected one up in the Thunder Bay country; I do not remember now at just what point it is.

#### PROTECTION BY NATURE AS WELL AS LAW.

Senator PENROSE. Do they build lake vessels more cheaply than we can on the American side?

Mr. BROWN. I think not.

Senator PENROSE. Then, as far as lake traffic is concerned, it does not require protection?

Mr. BROWN. We have the protection that nature gave us.

Senator PENROSE. You really do not require any protection of law?

Mr. BROWN. No, sir.

Representative MINOR. We are under the coasting law up here.

Senator PENROSE. I know you are; but the point I have in mind is that you can get along without the protection of the coastwise laws.

Mr. BROWN. We can get along without any protection from the coastwise laws; nor do we need for our own protection, in my judgment, any Government aid.

The CHAIRMAN. Mr. Brown, I am afraid you might mislead the Commission in that reply. If you did not have the coastwise laws, the ships of England, Germany, and Norway would be in our coastwise



trade. You do not mean to say you could compete with those nations, do you?

Mr. BROWN. You are quite right about that one point, excepting that nature, at present at least, prevents Sweden, Norway, or the other nations from getting into our territory.

The CHAIRMAN. Then you had reference simply to the lake region?

Mr. BROWN. Yes; that is all.

Senator PENROSE. That is all I am talking about—the lake region.

Mr. BROWN. That is the way I understood the question.

Representative GROSVENOR. That was the question; but how about Canadian-built ships? They do not come into your ports here, do they?

Mr. BROWN. Any ship carrying about 1,800 tons of freight or 60,000 bushels of grain can get up through the Canadian and Welland Canal on the Lakes, but that type of vessel now is so small that they could not compete with us, even if they did come. In addition to that, of course our coastwise laws do not permit any foreign bottom to trade between United States lake ports.

Representative MINOR. But you do get vessels from Canada to our ports here?

Mr. BROWN. And vice versa.

Senator PENROSE. Mr. Brown, what is the tonnage and draft of the latest type of lake vessel?

#### GREAT SHIPS ECONOMICAL.

Mr. BROWN. We have just completed what we call a modern bulk-freight carrier that is 560 feet long, 56 feet beam, and 32 feet deep. She has quadruple expansion engines of about 2,000 horsepower, and, loaded, will run about 12 miles an hour. We measure everything here not in knots but in miles. On her maiden trip she carried from Lorain, Ohio, to Duluth about 10,000 tons of coal. She is now on her way back from Duluth to Buffalo with about the same quantity of iron ore.

Senator PENROSE. What is her draft? What does she draw?

Mr. BROWN. She is drawing, on her present load, about 17½ feet.

Representative MINOR. Captain, I want to ask you a question right there. What is the difference in the cost of operating that vessel, that carries 10,000 tons and makes 12 miles an hour, and the cost of operating one that carries 6,000 tons and makes about the same speed?

Mr. BROWN. It is rather difficult to answer that question positively, but, in my judgment, there will not be any difference.

Representative MINOR. Do you not think that is the secret of cheapening the freights here on the Lakes, where they are cheaper than in any other place on earth?

Mr. BROWN. Yes, excepting when other conditions have been created, the other conditions being these: All our harbors will not accommodate the larger vessels. Our unloading facilities have not kept pace with the increase in size of the larger vessels. Naturally all those conditions will be corrected, as they always have been.

Representative MINOR. We are getting there just as fast as possible?

Mr. BROWN. Yes.

Representative MINOR. And we are improving the harbors all along the Lakes. You people here in the Chicago River are the slowest. You are not removing your tunnels. That is what you ought to do.

Mr. BROWN. They ought to be removed altogether.

## WOULD BENEFIT ALL STATES.

Representative MINOR. Milwaukee beat you last year. What I want to get at is this: If by building up the merchant marine engaged in the foreign trade we can cheapen transportation, we can benefit every State in this Union, no matter whether it is Colorado or Kansas or Nebraska. What we want is cheap transportation for American products. The tramp ship to-day, that carries the bulk of American products from American ports to European markets, is carrying about 5,000 tons dead weight. Now, if the Government can do something to encourage the investment of money in ships to engage in the foreign trade, thereby insuring a reasonable profit to the operator and a sure job to the shipbuilder, is it not a fact that naturally they would drift in the same direction in which we have been drifting when we moved from the canal schooner to the great steel steam barge, and thereby cheapen transportation to European markets? That is what I want to get at.

Mr. BROWN. I want to answer that question by saying yes, decidedly, and especially in connection with our lake marine.

Representative MINOR. I want it to go on record that we here on the Lakes can transport a ton of coal a thousand miles for 90 cents and a bushel of wheat for 1½ cents. Those freights would startle the people down on the Atlantic, simply because they have not kept pace with you people on the Lakes in terminal facilities and in expediting the loading and unloading of cargoes. I wish you would state to the Commission, if you will, what we can do in the way of loading and unloading, and what we can afford to carry a bushel of wheat for, or a ton of coal, and make these big ships pay. That will be interesting to the Commission.

## CHEAPENING LAKE FREIGHTS.

Mr. BROWN. I can go back, as an operator in moving freights on the Lakes, for a considerable period before I was directly interested in shipbuilding. I have personally paid for moving iron ore from the head of the Lakes to Lake Erie \$2.25 a ton. That was in the days when vessels carried from 1,000 to 1,800 tons each. Last year we moved that same class of freight at 85 cents a ton, and to-day we are struggling to get contracts to move it for 75 cents. That, I think, answers your question.

Representative MINOR. Mr. Brown, I have made this statement down on the Atlantic coast, and I want to know whether I am right or not, and I want this Commission to know it: I have said that we can load a vessel in Chicago with 150,000 bushels of wheat or other grain, we can put her into Buffalo in the morning, and if she gets to her dock at 7 o'clock and everything works right, we can unload that cargo and put into her a cargo of three or four thousand tons of anthracite coal and have her out before sundown.

Mr. BROWN. It is done repeatedly.

Representative MINOR. I wanted to get that in the record.

Mr. BROWN. I was recently in Duluth when a vessel carrying about 5,700 tons of coal arrived in the morning. She did not have any coal in her that night. She went to the dock along about 7 or 8 o'clock and left the dock in two hours loaded with 5,700 tons of iron ore. I know enough about the operations of that boat to know that at her destination she would be undoubtedly unloaded in less than eight hours. In other words, the same day that she arrived her cargo

would be taken out of her and another cargo furnished, and she would be off on her return trip.

Senator PENROSE. Then your methods of handling freight must be immensely superior to those prevailing on the Atlantic seaboard.

Representative MINOR. That is what I have been telling you. That is my idea, Senator.

Senator PENROSE. We had that point referred to in Philadelphia.

Representative MINOR. Yes; it was talked about in Philadelphia. I think it is the contention of the people on the Lakes that the improved methods of loading and unloading cargoes and expediting the handling of freight, thereby keeping their ships moving, enable them to make these low rates of freight, and it is owing almost as largely to the terminal facilities and these improved methods as it is to the large carrying capacity of our modern Lake type of vessel.

Representative GROSVENOR. You remember, Captain Minor, that during our investigation in regard to the coal famine it was disclosed that at the very height of it, when Boston and all the surrounding cities and towns were freezing, a schooner with an enormous cargo of coal stood out there ten days for want of being discharged.

Representative MINOR. That is right. These are the things we want brought out here. This is a good place to have them stated.

The CHAIRMAN. Have you any general observations to make to the Commission, Mr. Brown? Perhaps you had better proceed along that line at present.

#### THE LAKES AS AN EXAMPLE.

Mr. BROWN. Without knowing fully, gentlemen, how you care to proceed, you are proceeding exactly on the lines that I personally very much prefer, because I am talking on a topic about which I pretend to know something, while the question how or what to do to upbuild your American merchant marine on the great seas is a much wider and broader question, and I think you can get better information on that point from coastwise operators or salt-water operators than you can from men on the Great Lakes.

Representative MINOR. I think not, Captain. I think the men on the Great Lakes are so much ahead of those down there that there is no comparison. It may be that I think so because I in part represent the lake district; but this merchant marine has grown up under my own observation, since I was a child. I am proud of it, and I am very glad you have given to the Commission the testimony you have given, and there is much more that might come along the same line.

Mr. BROWN. What I have prepared here is very short, and I will read it:

"So much has already been said to your Commission in regard to methods of providing subsidy or aid to our merchant marine that I do not feel that I can throw any new light on the subject. The marine of our Great Lakes is so well protected by nature that it has unquestionably been built up because of that condition, and I have no doubt that had it been possible for shipbuilders in other countries to have reached our Great Lakes with their larger tonnage practically we would have no shipyards on the Great Lakes.

"I have felt that it was probable that the members of the Commission might have a desire to know something in regard to our methods of operation, methods of construction, types of vessels, and, in a general way, some general and specific ideas of what we had done and were doing; hence I would be very glad if any of its members would

ask me any questions on the subject, which I will endeavor to answer to the best of my ability, as I feel in this rather informal way that perhaps some things can be brought out that otherwise might not be.

#### LAKE SHIPS ON THE OCEAN.

"In the construction of ships at our various plants we have from time to time entered into contracts for tonnage for operation on salt water, our largest effort in that direction being the construction of the two freight steamers, each about 460 feet in length, each built in two sections, taken through the Welland and Canadian canals to Quebec, where they were put together in the dry dock there, that being the only dry dock available for the purpose. These boats then went into the trans-Atlantic operation and later made a round trip to the Pacific coast and are now in ordinary in New York Harbor, there being no remunerative business for them."

Representative MINOR. You refer to the *Minnewaska* and the *Minnetonka*?

Mr. BROWN. Yes.

Representative MINOR. We have heard a good deal about those boats. There is nothing for them to do.

Mr. BROWN. That is practically all that I had prepared to say to the Commission.

Representative MINOR. Have you any information as to why those boats did not pay after they got out on the sea?

Mr. BROWN. Yes. They did not pay because the cost of operation, as against the cost of operation of foreign ships, was so much greater that they could not operate.

Senator PENROSE. Mr. Brown, you have stated to the Commission that shipbuilding on the Lakes was at a standstill. To what do you attribute that stagnation?

#### A TEMPORARY LULL.

Mr. BROWN. I attribute it largely to two causes, both of which I believe to be temporary to a degree. We built very rapidly. We have been going through an era of unusual prosperity in construction, not alone on the Lakes, but all through the country. We have had a condition that was abnormal, and as usual with the Americans, we have been forced to perform in one year what ordinarily ought to be spread over two or three years. The fact I stated at the commencement, that in the course of five years we have built 175 large modern going ships, answers that question to a degree. On the other hand, the reason I am optimistic as to the future is the fact that we have on the Lakes a lot of passing tonnage, tonnage that must of necessity go out of commission. It is becoming old, worn-out, and too small. That tonnage will gradually be replaced by our more modern and larger tonnage. For instance, if we can demonstrate the fact, as I think we shall, that this large ship which we have just completed can be operated to carry 10,000 tons, as against a boat that can carry 6,000 tons, naturally the people who are in the business will build 10,000-ton vessels as rapidly as they can.

Representative GROSVENOR. The cost of operation of a 10,000-ton ship is not in proportion to her tonnage, as compared to a 2,500-ton ship?

Mr. BROWN. That we know already, from experience. For instance, you take a steamer carrying 2,500 tons, and we know absolutely, by

experience I mean, that we could move one carrying 4,000 tons just as cheaply, and in some instances, really, I think we move it more cheaply, because with the four and five thousand ton ship we put in more modern machinery, late devices, late propellers; and that development is going on all the time. We keep improving. In other words, we are progressing. If there is any progress in American shipbuilding, we think we are up to all the progress that is going; and the best object lesson we can offer in that regard is what we have on the Lakes and what we are doing.

FREIGHT RATES AND WAGES.

Representative GROSVENOR. I should like to ask you something about the subject of freights. I will ask you to go back, say, ten years and take the comparative freights from the lake points to the East by water. Then take the railroad freights at the same time. How does the present condition of freights compare with what it was then, not only as to whether they are higher or lower, but with reference to the competition between the water and the rail carriers?

Mr. BROWN. I am unable to tell you the percentage of decrease in freight rates during the past ten years, although I know that to-day the rates are very considerably less. I do not think there is any exceedingly active competition between the railroads and the lakes on carrying freight, for the reason that the large percentage of freight that is moved, iron ore, coal, and grain, especially from the upper lakes down, could not possibly be moved with the present railroad facilities of the country.

Representative MINOR. You think it would be impossible on account of the geographical position of the mines, as I understand you?

Mr. BROWN. Yes, sir.

Representative MINOR. But suppose we were still operating with the old canal schooner and getting 15 cents a bushel for carrying wheat and \$2 or \$3 a ton for carrying iron ore. Do you not think the railroads would have gotten in to those mines?

Mr. BROWN. Without any question.

Representative MINOR. And they would still be commanding \$2 or \$3 a ton for carrying it, whereas to-day, if they carry it at all, they must compete with the lake commerce, which carries it for about 60 or 80 cents a ton?

Mr. BROWN. Without any question. There is no question that the fact of having the Lakes to operate on has very materially effected a reduction in rail rates. That has been one of the great factors.

Representative HUMPHREY. How do the wages paid to seamen on the Great Lakes compare with wages paid to seamen in our foreign trade?

Mr. BROWN. Oh, they are very much higher.

Senator PENROSE. Are they higher than the corresponding wages paid on Canadian vessels on the Great Lakes?

Mr. BROWN. No; I think not. My impression is they are not, but I am not positive about it, because I have not fully investigated it, not having had occasion to do so. I think the rates on Canadian vessels operating on the Great Lakes and confined to the Great Lakes are on the same basis as our own rates on the Great Lakes, but I want to qualify that by saying that is as I understand it. I have not fully investigated it.

Representative SPIGHT. Can you give, Captain, about the percent-

age of difference in the wages of the men on the Lakes and in the foreign trade?

Mr. BROWN. I could not answer that. I do not know.

Representative SPIGHT. You stated that very much better wages were paid on the Lakes than in the foreign trade?

Mr. BROWN. Yes; but what the percentage is I do not know. My information on that point is general, coming from seeing comparisons printed in the public press, and so forth, in regard to it, but I never worked it down to a percentage. I know in a general way that our lake rates are very much higher.

### **STATEMENT OF A. D. PORTER.**

A. D. Porter appeared before the Commission.

The CHAIRMAN. Mr. Porter, will you state to the Commission what line of business you are engaged in?

Mr. PORTER. I represent the Boiler Makers and Iron Ship Builders in California, and I am one of the officers of the lodge.

In regard to shipbuilding in San Francisco at the present time, I will state that if there are any repairs to be made to a foreign ship that comes into that port they are just slight, and when the ship is taken back to the country from which it came all the repairs are made in general.

The boiler makers and shipbuilders in San Francisco are working now on nothing but Government boats. We have in our constitution and by-laws an article in relation to the subject before you, and we have had resolutions passed by all the organizations in California urging Congress-men to do everything in their power for the benefit of shipbuilding in this country. The Brotherhood of Boiler Makers and Iron Ship Builders has done everything in its power to endeavor to bring about legislation with this object in view.

As I was a delegate to the national Republican convention from California, I visited a great many of the lodges in this city, and they desired me to come before you and express my opinion as to what is going on in California. Before I left California I went in and saw Mr. Scott, the president of the Union Iron Works. He told me that the shipbuilding in California was very slight at the present time; that we must do something to have the ships built in America, as they were doing no work whatever except on Government boats. They have had three boats under way. One of them was launched last month, and now they have two on the ways. At Mare Island they are working on a small boat they have contracted to build, and they are employing quite a crowd of men. Those are the only yards that are doing any shipbuilding in California at this time. Most of the work that is being done consists of small repairs.

That is about all I have to say. If the Commissioners come to San Francisco I will be in a better position to collect proper data for them. This hearing to-day came a little unawares to me. I did not know exactly what to say to the Commissioners, but I desired to express my feeling in regard to the shipbuilding being done in America.

Would you mind if the section of the constitution and by-laws to which I refer is read into the record?

The CHAIRMAN. We would be pleased to have it read.

Mr. PORTER. I read from the "Constitution and by-laws of the Brotherhood of Boiler Makers and Iron Ship Builders of America. Revised and adopted by referendum vote, January, 1903."

RESOLUTIONS.

\* \* \* \* \*

The following resolution was unanimously adopted as the sentiment of this brotherhood:

"Whereas the Brotherhood of Boiler Makers and Iron Ship Builders of America believe that Government aid is necessary to induce citizens of the United States to build and operate on the ocean merchant vessels to carry our foreign trade in competition with the vessels of foreign nations, which now monopolize said trade to the almost entire exclusion of vessels of our own country; and

"Whereas the interest of the whole country, the reenforcement of our Navy, the enlargement of foreign markets for our surplus products, the increased employment of our workingmen in the mine, factory, shipyard, and boiler shop, and the training of able seamen would all be promoted by the restoration of our merchant marine to its former position on the seas of the world: Therefore, be it

"Resolved, That in our opinion it is the duty of Congress at the earliest day possible to enact legislation to secure such restoration by the payment of subsidies to American-built mail carriers and freighters sufficient to enable them to compete successfully with the subsidized and bounty-fed merchant ships of foreign countries in the carrying of our imports and exports."

The CHAIRMAN. Mr. Porter, does that represent the views of your entire brotherhood?

Mr. PORTER. Yes, sir.

The CHAIRMAN. On the Atlantic coast as well as on the Pacific coast?

Mr. PORTER. Yes, sir. There are organizations all over America, and we are not partial to California alone. We want this thing done all over the country.

The CHAIRMAN. We are very much obliged to you, Mr. Porter.

Mr. PORTER. I will state that there are 410 lodges in our organization, which represent quite a large number of men.

Senator PENROSE. What is your individual membership?

Mr. PORTER. Our membership is 60,000 mechanics.

Senator PENROSE. So that we may count on 60,000 good American citizens being back of this Commission in any effort it may make to improve the merchant marine?

Mr. PORTER. You can count on the Brotherhood of Boiler Makers and Iron-ship Builders. They have been in existence for eighty years, and they are one of the strongest and one of the best organizations in America.

STATEMENT OF JAMES A. PATTON.

James A. Patton appeared before the Commission.

The CHAIRMAN. Mr. Patton, will you kindly state to the Commission in what line of business you are engaged?

Mr. PATTON. I am a member of the firm of Bartlett, Farwell & Carrington, one of the largest handlers of grain in America, if not in the world. We are large exporters of grain, when the market conditions permit, to European markets, especially by the ports of Montreal, Portland, Boston, New York, and New Orleans, but the conditions that have prevailed in America for the past two years are such that the export business in grain has been very limited. There

have been short crops of wheat. The ocean-freight market has been so low during the past two years that at times the ship agents have offered to transport our grain to Liverpool and London for nothing, to take it as ballast. Recently we have shipped corn from Boston to London at a price less than that.

Representative GROSVENOR. Less than nothing?

Mr. PATTON. Less than nothing, owing to the port dues in London, which absorbed more than the freight rate received.

I understood Captain Minor to state that the facilities for loading grain at the seaboard were not equal to the facilities that prevail at the ports on the Great Lakes. Did you make that statement?

Representative MINOR. So far as I know, that is true.

#### OCEAN AND LAKE LOADING.

Mr. PATTON. I can't entirely agree with the captain that the cost of loading ships at the lake ports is much less than that at ocean ports. In a sense it is true, but the conditions of loading ocean ships are different. The sea voyage is much longer and the passage is rougher. Grain loaded into lake vessels is loaded entirely in bulk. In vessels loaded for ocean passage a large amount or a considerable portion of the cargo is sacked in order to prevent the grain from shifting from side to side and thereby overturning the vessel in a storm. That is an extra expense to which we are not put in loading in Chicago Harbor or at any other lake port.

Another fact is that the lake vessels in loading a cargo take an entire cargo of grain when they go to Buffalo, Ogdensburg, or Port Huron. They carry nothing but grain. Therefor they can go to the elevator and spout it into the vessel without any trouble and get away in twelve hours or less. An ocean vessel, unless it is a small one, never carries an entire cargo of grain. She wants some high-class freight. Therefore the ocean vessel is never moved to the grain elevator to load. It is transported in barges from the grain elevator to where the vessel lies docked.

Representative MINOR. Is that the case in Baltimore?

Mr. PATTON. I could not say as to Baltimore, but it is so in New York. I am liable to make mistakes in my statement. I know that New York is the great port of this country, and that is the case in New York. In Baltimore the charters are different. There the ocean charters are mostly caught for orders. Is not that true, Captain Minor?

Representative MINOR. Yes.

Mr. PATTON. And a smaller class of vessels are used in the trade, carrying possibly 5,000 to 10,000 tons. The modern freighters that have been built in the last few years carry all the way from 10,000 to even 20,000 tons. Those vessels can not be moved to the elevator. They want to carry a certain amount of high-class freight. They therefore have to transport it by barges from the grain elevator to the ship, which makes the expense greater. Now, whether that expense of loading at the seaboard can be reduced or not, I am not capable of stating; but if it were, competition would enter into it, and new barges would be built to transport the grain around.

#### SHIPS AND THE EXPORT TRADE.

I assume that the primary object of this Commission is to increase our exports and not to build ships.



Representative MINOR. Well, you have to build ships. You can not export without them.

Mr. PATTON. I will ask you, if Congress sees fit to grant a bounty or subsidy for the building of ships, what benefit it is going to be to us, who are large exporters?

The CHAIRMAN. In answer to that I will say that I voted for an irrigation bill, which is of no benefit to New Hampshire. I looked upon that as a great national question, and think the matter under discussion should be so considered.

Mr. PATTON. I have hardly reached the point of my argument. I do not believe that aid from the Government would assist the export of grain abroad in any particular. I do not believe aid from the Government would assist exports from this country to any European port because the tonnage now running from American to European ports is excessive.

I listened to the argument of Mr. Barrett and must admit that he has opened up a line of thought which warrants consideration by the Commission. The manufacturing industry of this country has not sufficient facilities for export to South American and South African countries.

The CHAIRMAN. Mr. Patton, I do not wish to interrupt you unduly, but do you not think it would be a benefit to every citizen of the Republic if we could save the \$200,000,000 paid annually to foreign steamships for transporting our exports and imports and keep it at home?

Mr. PATTON. I venture to state that 90 per cent of the money paid for freight on ships from American ports to European ports is paid out in the expense of running the vessels, and it does not go into the pockets of the foreigner at all. It goes into the pockets of the men who operate the vessels and for the coal.

The CHAIRMAN. If they were American vessels, of course we would get a much larger proportion of it than if they were foreign vessels.

Mr. PATTON. Even if they were American vessels, would any of that money paid to workmen and for coal benefit us at all?

Representative MINOR. It would put that much money in circulation.

Mr. PATTON. It would not put a bit more money in circulation than it does to-day.

Representative MINOR. The money that is paid to foreign labor goes out of the country, does it not?

Mr. PATTON. If it is paid to foreign labor, yes.

The CHAIRMAN. The repairs of the ships, if they are American, would be made in our shipyards, while if they are foreign ships the repairs would be made in foreign shipyards.

Mr. PATTON. Here is the the question, gentlemen. The cost of operating a vessel in foreign countries with foreign labor is 50 per cent of what it would cost under the American flag.

Representative GROSVENOR. Are you sure you have that figure correct?

Mr. PATTON. Possibly I am making a broad statement.

The CHAIRMAN. Say 65 or 70 per cent.

Mr. PATTON. Is it the intention to give a subsidy to vessels running to every country in the world, and keep it up forever?

Representative GROSVENOR. There never has been such a proposition.

Mr. PATTON. It looks to me as though you would have to do it. Will there be no end to it? You want to give a subsidy in order to

get a certain class of people in the work of building ships and tax me for it. Is that right?

The CHAIRMAN. This Commission is not at all committed to giving any particular kind of subsidy. We are now giving a postal subvention, which nobody has found fault with.

Mr. PATTON. Well, I may be wrong in stating my position. I am generally too enthusiastic, and I hope you gentlemen will excuse me.

Representative MINOR. We are glad of it. Go right ahead.

#### THE EUROPEAN SUGAR BOUNTIES.

Mr. PATTON. I always talk this way; and I do not mean anything personal.

I do not see how you can grant a subsidy to a ship sailing to European ports. Here is another feature. Two years ago a cargo of sugar arrived from Russia at one of our seaboard ports. The President of the United States, with the authority vested in him by Congress, increased the duty on that sugar because a bounty had been paid for its manufacture in Russia. That action of the President was approved by the American people. They openly stated that they did not believe in the bounty system. Russia protested; Germany protested. The agitation was such that the European countries that granted a bounty on sugar, including Russia, Germany, France, and Italy, got together and have removed that bounty, largely through the action of the President of the United States in that one instance; that is, it started the agitation. Now, you wish to go and do directly the opposite—pay a bounty yourself. Are we not stultifying ourselves if we do it?

The CHAIRMAN. Germany and Italy have not discontinued their subventions or subsidies to their steamship lines.

Mr. PATTON. But they have on their sugar.

The CHAIRMAN. But not to their steamship lines.

Representative GROSVENOR. There are peculiar conditions applying to sugar that would not at all apply to other things, if you had a little time to study it.

Mr. PATTON. I have said this morning that I had learned something by hearing Mr. Barrett speak; but I am still free to confess that I am only stating my views as I have knowledge at the present time.

Representative GROSVENOR. The reduction of the bounty by those countries was to get rid of a countervailing duty that we put upon sugar in this country, so that they gained nothing by their bounty, and the interparties' quarrel there, as between the great sugar refiners of England and the raw-sugar producers of the other countries, brought about the result.

Mr. PATTON. Yes; then we went to work and put on a differential duty on sugar.

Representative GROSVENOR. A differential duty on refined sugar.

Mr. PATTON. Was there not an extra duty on this cargo of Russian sugar I speak of?

Representative GROSVENOR. There was until they took off their bounty.

#### GEMANY'S SOLICITUDE FOR HER SHIPPING.

Mr. PATTON. Does the German Government pay an unreasonable bounty or subsidy to its ships? Can you tell me what price per ton the Germans pay?

Representative GROSVENOR. No; I can not tell you anything about that. I can tell you the aggregate amount of money they pay. It is among our documents here. I do not know that it is unreasonable. It certainly is not unreasonable, judging by the effect it has had upon our shipping.

The CHAIRMAN. Germany, I will say to Mr. Patton, has of late taken up the matter of subsidy, so called, much more vigorously than formerly. She is paying about \$2,000,000 a year now.

Representative GROSVENOR. And, in addition to that, she will not permit any mails to be carried out of Germany upon any ship not built in Germany.

The CHAIRMAN. She is also giving favors by her railroads in the matter of transportation to her ships.

Mr. PATTON. I do not see how you are going to get around this fact, that the cost of the operation of foreign ships is 65 per cent of the cost of operating American ships.

The CHAIRMAN. That is precisely the trouble we have.

Representative HUMPHREY. Mr. Patton, how did you get around that fact here on the Great Lakes? You paid higher wages, and the freights were less.

Mr. PATTON. Our coastwise laws prevent any foreign ship from taking grain from Chicago to Buffalo.

Representative HUMPHREY. Suppose we have the system of protection extended to our foreign trade. Do you not think that eventually we could pay the higher wages for labor and still run boats as cheaply as they are run now?

Mr. PATTON. All I have to say is that when you attempt anything of that kind you immediately cause irritation in foreign countries, and they pass laws of reprisal. If you commence that, you do not know where you are going to land.

Representative MINOR. You are somewhat interested in cheap transportation, are you not?

Mr. PATTON. We have the cheapest transportation the Lord ever gave, and He can not make it any cheaper.

Representative MINOR. That is what you are interested in, is it not?

Mr. PATTON. No matter what you do, on ships sailing from Atlantic ports to European ports freights will be no cheaper. They can not make them any cheaper. They have been losing money for two years.

#### IN CASE OF FOREIGN WAR.

Representative MINOR. Let me suggest something to you right now. I conceive that is where your interest lies, of course.

Mr. PATTON. We did not ask for any aid from the Government.

Representative MINOR. Suppose a foreign war should take place and a large portion of the ships of Germany and England—and they are the class that carry our exports and imports—should be withdrawn for use as auxiliaries for the transportation of troops and supplies and there should be a scarcity of tonnage, what would you be paying on your wheat then?

Mr. PATTON. England has done that within the past three years. She withdrew her ships for use to South Africa and it did not affect freights. You could not notice it.

Representative HUMPHREY. Did it not double rates on the Pacific coast?

Representative GROSVENOR. If you will investigate that subject, I think you will find that freights from Southampton and other English points were more than doubled.

Mr. PATTON. Temporarily. It lasted but a few weeks.

Representative GROSVENOR. It lasted a long time; and in the complaints made by Rosebery and others in regard to the British Government's handling of the South African war they piled up a tremendous figure that the British had had to pay for the transportation of that property.

Mr. PATTON. I have no doubt of that, but whether it affected freights from the Atlantic seaboard is the question I am speaking of.

The CHAIRMAN. It has been stated that because of the withdrawal of vessels on the part of England and converting them into transports during the Boer war the rate of freight in Boston was increased 30 per cent for a time.

Mr. PATTON. Yes; it was for a time.

The CHAIRMAN. We are entirely at the mercy of foreign governments. Every time a war occurs you gentlemen who are engaged in the export business would be subject to just such trials and tribulations, would you not?

Mr. PATTON. Yes; but that trial and tribulation you speak of was a godsend to us, because England became apprehensive that she could not get enough grain to feed her people, and she paid any price we wanted to ask. We will take care of ourselves in a time like that. I wish they would have another war, with no American vessels there to carry our grain.

#### THE COST TO THE PACIFIC COAST.

Representative HUMPHREY. What was the condition on the Pacific coast? There are two sides to this country. What was the condition of the Pacific coast when that war broke out? Did it not raise the freight on wheat from the Pacific coast 25 cents a bushel and make it practically prohibitive?

Mr. PATTON. Mind you, gentlemen, the conditions on the Pacific coast are peculiar.

Representative HUMPHREY. Do not forget the two sides. We want to look at it both ways. You are looking toward the Atlantic coast. What is the effect on the Pacific coast?

Mr. PATTON. The population on the Pacific coast is limited as compared with that on the Atlantic coast. As a rule, vessels do not sail for San Francisco or Tacoma or Seattle unless they can get loads to those ports. Therefore, when there is a sudden increase in the demand for ships on the Pacific coast they are not there. The customary trip is to load coal from Australia to San Francisco; but the Pacific coast to-day has suddenly discovered oil, and conditions have arisen there that have completely changed the character of the business.

Representative HUMPHREY. Mr. Patton, do you not know that most of the coal used in California came from Washington before the oil was discovered, and does now?

Mr. PATTON. All I know is that a relative of mine in California told me they got their coal from Australia.

Representative HUMPHREY. Some of them do; but the coal used in California comes from Puget Sound, and has done so for several years.

The CHAIRMAN. Mr. Patton, let me ask you this question. You are not engaged in manufacture?

Mr. PATTON. No, sir; only in the handling of grain.

The CHAIRMAN. Are you opposed to the policy of the Government that protects the manufacturer as against the cheap labor of Europe and Asia?

Mr. PATTON. No, sir; I am a Republican.

The CHAIRMAN. Then, is there any greater difficulty in overcoming this difference in the matter of shipping than there is in overcoming the difference in the matter of labor in our other fields of industry?

Mr. PATTON. There is a difficulty, as I have said, on ships sailing to European ports. It is just simply paying out money all the time for which you get nothing back.

The CHAIRMAN. You get nothing directly back, nor do I, in the matter of manufactures.

Mr. PATTON. It would not benefit our manufacturers, either. I do not claim nor will I admit that our manufacturers will get less freight rates to European ports if a subsidy is granted to those vessels.

The CHAIRMAN. No; nor do I. What I meant to say was that in the matter of protecting manufactures I am not benefited because I am not engaged in manufacturing.

Mr. PATTON. Will it do the manufacturers any good?

The CHAIRMAN. I am talking about protection on land now.

Mr. PATTON. There is no use in our going into that. We agree about it.

The CHAIRMAN. In other words, some of us feel that all the industries on land have been protected, while this great industry on the ocean has not been protected, and that we can with equal consistency and propriety, in some way, if we are wise enough to discover the way, give protection to our shipping, and that those of us who are not directly benefited ought not to find any more fault about that than we do about the protection on land.

#### IN FAVOR OF SUBSIDY TO SOUTH AMERICA.

Mr. PATTON. I would be heartily in favor of granting a subsidy to ships sailing from our ports to South America, because our manufacturers have no facilities for shipping there, and we could in that way increase our manufactures all over the country. The shipments of agricultural implements alone from the city of Chicago are enormous.

Representative GROSVENOR. Abroad?

Mr. PATTON. To Argentina.

Representative SPIGHT. Mr. Patton, if I understand you correctly, one of the objections that you urge to the subsidy system is that if the system is once inaugurated it must become perpetual—that there will be no end to it. In other words, if the system of subsidies should be inaugurated—not to pay for carrying the mails, but a bonus, a gift to shipowners—as long as the bounty is sufficient to enable them to make money by running the ships they would continue to run them. If the subsidy should be withdrawn, what then would be the effect?

Mr. PATTON. If the price of American labor was higher than foreign labor, they would have to stop.

Representative SPIGHT. If the subsidy should be withdrawn, then the ships would stop running?

Mr. PATTON. They would stop running for that reason. I say it will be perpetual, because American labor will always be higher than European labor. I hope it will be.

Representative GROSVENOR. Let us see about that. Assume now that all Mr. Barrett said is a true description of the situation down there—that there is foreign commerce to the amount of \$360,000,000 that goes out from the Argentine Republic and that we get now about \$30,000,000 worth. Suppose we subsidize for ten years a line of steamers, adequate in size, in speed, and in time of departure, to go as a sort of line of commercial travelers into that great commercial location, do you not think it more than likely that we could shortly and rapidly build up a trade by that line of steamers which would not only make them self-supporting at the end of a limited time, but make them prosperous and profitable?

Mr. PATTON. Without a subsidy?

Representative GROSVENOR. Without any subsidy?

Mr. PATTON. Yes; to that country.

Representative GROSVENOR. Now, then, is not the whole question, therefore, a question of the institution and maintaining for a sufficient period of that line of ships?

Mr. PATTON. Yes. I would be heartily in favor of subsidizing a line to that country.

Representative GROSVENOR. That is one step, then, on the road. So, instead of making it general—

Mr. PATTON. I would not make it general. I would make it special.

Representative GROSVENOR. You would make it special. Who would be the person to select the special places? How would you get at that?

Mr. PATTON. I do not know. That is up to you, gentlemen.

Senator PENROSE. I suppose Congress would do that, would it not?

Mr. PATTON. I certainly would not grant it to those countries that have large lines of steamships of their own. Argentina has no steamships of her own, as I take it.

Representative GROSVENOR. They have none. Therefore they are dependent upon other people, and coming this way, in order to get into the market, they go a much longer way around than would otherwise be necessary.

Mr. PATTON. The minute you begin paying subsidies to lines running from New York to Hamburg, Germany can increase her subsidy again. It is just a question of raising the amount.

Representative GROSVENOR. That is exactly what the Cunard Line did. When Mr. Morgan formed his combination, England doubled their subsidy at once.

Mr. PATTON. That is what you are up against immediately. Therefore I am opposed to granting subsidies to vessels running to the ports of European nations.

Representative GROSVENOR. Well, we have you now part of the way on the road.

Mr. PATTON. Yes; I am part of the way on the road.

The CHAIRMAN. We are much obliged to you, Mr. Patton.

#### STATEMENT OF J. J. FITZGERALD.

J. J. Fitzgerald appeared before the Commission.

The CHAIRMAN. Mr. Fitzgerald, will you state to the Commission in what line of business you are engaged?

Mr. FITZGERALD. I am secretary of the Brotherhood of Boiler Makers and Iron Ship Builders of America. I have held that position for about ten years now.

The CHAIRMAN. Is your headquarters in Chicago?

Mr. FITZGERALD. Yes, sir.

I wish to say to the Commission that our organization has for a number of years agitated this ship question, and that we adopted in our convention held in Cleveland, Ohio, in 1896, when this subject came up, a request that all locals would petition the Government to appoint a commission to take evidence and get information that will help the shipbuilders of the country.

The shipbuilders in the great cities of San Francisco, New York, and Portsmouth and Newport News, in Virginia, have not been able to find steady employment. A boat would be built, and when it was completed they would be out of work. That condition of things has continued down to this day, so that we find the shipbuilders one month in San Francisco, the next month in Brooklyn, and another month in some other locality, looking for employment.

In 1864, as I understand it, 62 per cent of the exports and imports were carried in American ships, while last year we carried something like 10 per cent.

The CHAIRMAN. About 8 or 9 per cent.

Mr. FITZGERALD. Yes; 8 or 9 per cent. Now I know from my own observation and from information given me by the general secretary of the Boiler Makers' Union in Great Britain and Ireland, who was over here two years ago on the Moseley Commission, and by others here that the American shipbuilding industry is simply a farce, that it amounts to nothing, that the foreign shipbuilders build the ships that carry our American exports. They have an organization over there of more than 200,000 members, the majority of whom are employed almost exclusively in building ships.

It seems only natural that our American exports, which exceed those of any other nation, amounting last year to something like \$2,500,000,000, should be carried in ships built by American mechanics. Our organization as a whole is not in a position to state just how this can be accomplished, but we desire to have it accomplished, so that the ships may be built by American mechanics. The materials used in the ships are produced here. We have the mines and the forests and the raw materials to put into shape. We have the mechanics to build the steamships, and our organization has for nine or ten years been steadfast in advocating some bill to be passed that would bring about this result.

#### AMERICAN LABOR AGAINST FREE SHIPS.

We are not advocating free ships. We do not want American capital to be expended in buying foreign-made ships. That would not benefit us. We want an opportunity whereby American capital can be put into building American ships, thereby making competition in carrying exports and imports. It seems that if there is competition in the export-carrying trade, it will mean a reduction in the rates, and if we get a reduction in the rates I do not understand why it would not benefit the mechanics and all American citizens, as with cheaper rates we would export more American products. As it is at present, the foreigners have a monopoly, and they charge pretty nearly what they like. If we could have competition in the matter, I feel satisfied that our exports would increase probably 10 or 15 per cent.

Of course it does not matter to our organization in what particular part of the United States the ships are constructed.

Senator PENROSE. Do I understand your organization is the same as that represented by Mr. Porter, who spoke here a few minutes ago?

Mr. FITZGERALD. No; we are national.

Senator PENROSE. He said his was a national organization.

Mr. FITZGERALD. Mr. Porter represents the same organization, excepting that he lives in San Francisco.

Senator PENROSE. That is what I am getting at.

Mr. FITZGERALD. It is the same national brotherhood which extends through the United States, Mexico, and Canada.

Senator PENROSE. You and he represent the same brotherhood?

Mr. FITZGERALD. The same brotherhood, the same organization. We believe that no policy which involves a reduction in the wages paid to the labor employed in American shipyards can be made effective in causing the upbuilding of American ships. We also feel that the people of the United States are interested in building up an American mercantile trade.

Representative GROSVENOR. That is, you think they ought to be?

Mr. FITZGERALD. They ought to be; yes. There seem to be many people who are misconstruing the intention and the idea of what we ought to have, thereby letting the foreigners do the work that we are capable of doing and should do ourselves.

#### MECHANICS MORE INTERESTED THAN SHIPOWNERS.

We also believe that legislation for the upbuilding of American shipping will not be nearly so helpful to capital in the United States as it will be to labor; that there are plenty of avenues always open for the profitable investment of American capital, but only a slight item for the employment of labor. American capital is at liberty at any time to purchase foreign-built ships, while under this proposed law we could employ American capital and at the same time give employment to American mechanics.

Representative GROSVENOR. Your idea is that American capital can go and buy a steamship line if it wants to do it and run it under a foreign flag?

Mr. FITZGERALD. That is the idea.

Representative GROSVENOR. But your labor will have to be used in America and under American institutions?

Mr. FITZGERALD. And the ships will have to be manned by American seamen.

I wish to say, gentlemen, in conclusion, that other officers of our association would have been here, but I did not receive any notice of the meeting of the Commission until late Monday afternoon, and not until this morning did I know where you were to meet, as I could not find out through the press. If you continue in session here a day or two longer, I can get others who are interested in this question to appear before you.

Senator PENROSE. They would have nothing further to say than what you have stated, would they?

Mr. FITZGERALD. Just about the same.

Representative GROSVENOR. You have covered the ground.

Mr. FITZGERALD. I wish to say that in 1896 we started in a small way to agitate this question, and in 1903, by a referendum vote, we adopted as a part of our constitution a resolution indorsing subsidies to American ships.



Representative GROSVENOR. Did the whole association adopt that resolution?

Mr. FITZGERALD. It was carried almost unanimously by our 60,000 or less members.

I wish to thank you gentlemen for the privilege of addressing you. I am glad we had a small part in having this Commission appointed.

Representative MINOR. We feel honored by your presence, sir, representing, as you do, so many good and intelligent men.

#### STATEMENT OF W. G. SICKEL.

W. G. Sickel appeared before the Commission.

The CHAIRMAN. Mr. Sickel, are you familiar with the duties imposed upon this Commission by the legislation of Congress?

Mr. SICKEL. I am, sir.

I will state, Mr. Chairman, that I am the western freight agent of what is known as the International Mercantile Marine, which company is the holding company for the White Star, the Atlantic Transport, the American, the Red Star, the Dominion, and the Leyland lines. I am also the western freight agent for the great German steamship line, the Hamburg-American. My duties do not bring me into contact with the physical part of the business, but by long association with it I have absorbed a great deal of it, and I am here, more than for anything else, to speak about the sentiment and conditions as I find them on this question among our clientele.

The lines mentioned by me represent four flags, the American, the British, the German, and the Belgian. Our business to-day is in a very wretched condition, as far as freight is concerned. Everything that Mr. Patton said on that subject is quite correct. It will probably interest you to know the causes of this condition. There are many of them, but two or three will be sufficient to show you why our business is in the state it is in to-day.

The great staple of exports with us is corn. No doubt the Government records will show that there are commodities exported that are of greater value in dollars and cents than corn, but we look entirely to the question of volume, and corn is therefore the king of our freights. In 1901 we had a corn famine. You recollect that year we did not raise enough for our home demand. In 1902 and 1903 we had very fair crops, but much of the corn was out of condition and that which was in condition went to fill up the empty bins.

Our situation in regard to wheat, which is the next most important article, has been somewhat similar. We have had only normal crops of wheat in the last two or three years, and other exporting countries, such as Argentina, India, and Russia, have had bountiful crops.

Then a third condition, which is a very important one, is that the freight business the world over is in very bad shape, and this, to use an Irish bull, is the result of prosperity. From 1896 to 1900 there was a great era of prosperity in the shipping business the world over. That did not apply alone to our North Atlantic trade, but to every district. The result of it was the same as in the case of any man who becomes interested in a business that is prosperous. We expanded. To-day we have more tonnage than we have freight offered. That applies not only to the North Atlantic trade, in which I am most interested, but to the world over. Therefore, gentlemen, you can appreciate what Mr. Patton said. The conditions he referred to are

absolutely correct. It has come down now to the point, with a great many of the lines, of the survival of the fittest.

#### AMERICAN SHIPS LAID UP.

As I have said, in our office here we represent four flags. The first we saw disappear was the American flag. One of our subsidiary companies, the Atlantic Transport, owned and at one time operated these American boats. Our minister from Panama, I believe it was, spoke this morning about his going around the world and not seeing, in all his travels of 50,000 miles, a single American flag. If he would go into the port of London to-day he would find four American vessels that are not in operation, but are simply waiting for the time when the freight market revives and they are in a position to operate in competition with the British bottoms.

I think it quite useless for me to attempt to say anything to you gentlemen on the score of why this is true. You have just come from the seaboard and have interviewed the people who understand that condition thoroughly. We all know that it is primarily because the cost of construction is greater and, secondly, because the cost of operation is greater. Mr. Brown spoke here to-day of the *Minnetonka* and *Minnewaska*—I believe are the names of the boats. I unfortunately had some interest in those boats. They are another practical demonstration of the inability to operate American ships alongside of the foreign bottoms. Those boats are now dismantled in Brooklyn, and as far as we know, from a physical standpoint, they are magnificently built.

If you will look at this question from the point of view of upbuilding our export trade, it is a question in our minds whether we want any more tonnage. We would like to see a little less. If you look at it from the standpoint of American patriotism and of having our vessels under our own flag in time of war to use as transports and cruisers, the question takes an entirely different attitude.

Now, I come in intimate contact every day with people who export, and my observation in regard to the sentiment is that you read about the subject in the press, you sit in your home and discuss it with people, and they all deplore the decadence of the American merchant marine; and yet when it comes down to a question of affecting their pocketbooks they do not care to do anything that will assist the matter.

Representative GROSVENOR. Is there any line of taxation that you have discovered that anybody is pleased to have meet them in the form of a tax collector?

Mr. SICKEL. No, sir; there is not. Still, they talk a great deal of patriotism, about wanting to see the American flag operated, and all that, and yet they do not come forward and voluntarily assist the matter.

#### WOULD PAY NO MORE.

Let me give you a practical demonstration of what I am talking about. Up to some months ago we were operating some American-built boats. I saw that in your testimony at Baltimore Mr. B. N. Baker had testified regarding the American-built boats. I represent that line here, and I can say to you that those are the boats to which I refer that are tied up in London; and to-day we are operating British

and German bottoms from Baltimore because the American boats can not live. But during that period when we were operating or attempting to operate these boats on the very low freight market, I would go to a shipper who wanted to ship, say, 50 cars of provisions to London, and offer him the rate by the American boat or the British boat, and he never asked me "Which is your American boat and which is your British boat?" His patriotism did not go far enough to give the American boat the business on equal conditions.

In fact, I had a case here not many months ago where I made the rate by our American boat slightly higher than by the British boat, with the idea of drawing something out on this question that we have all discussed very freely and thought of a great deal. I said to the shipper: "Now, you have 50 cars of canned meats to be shipped to London. I will offer you by the British boat a rate of 15 cents, but by our American boat it is 16 cents." He was a man who had been talking to me only a little while before in regard to the American merchant marine, and I was doing this as a test case. He asked me why I charged more on the American vessel. I simply said it was a question of greater initial cost and greater operating expense. Finally I said: "Now, the boats are both in the condition you want. Which boat will you take?" He took the British boat, because I offered him a little cheaper rate on that, and I could afford to offer him a little cheaper rate.

The point I want to make with you gentlemen in this question is, primarily, that there is a great deal of sentiment in the West in the press about wanting a revival of our American merchant marine, but you see no evidences of patriotism to assist it, because I believe through this whole central Mississippi Valley, if the newspaper talk as we read it is a correct index of the sentiment of the people, they are against the granting of a subsidy.

Your worthy chairman has brought up the question here to-day of paying taxes indirectly. We all do that. I know five or six years ago our steamers came back from the Bristol Channel, from Cardiff, from Swansea, with full cargoes of tin. All the tin that was consumed in this country was made in Wales. To-day the putting on of the tariff has killed that business. We handle practically none of it for home consumption. What little we do is that which goes to the seaboard, is put up in export packages and sent abroad again, on which they get the return or drawback duty. So for all practical purposes I am correct in saying it has killed the importation of tin plate.

I know that five or six years ago I could go to one of our large department stores here and buy a tin cup for 5 cents. To-day it costs me 6 cents. Every time I buy a tin cup I am paying 1 cent as tribute to the American workman.

Representative GROSVENOR. How are you fixed for the 6 cents compared with 5 cents at that time?

Mr. SICKEL. Do you mean my ability to pay the 6 as against the 5?

Representative GROSVENOR. Yes.

Mr. SICKEL. I think I can best express that to you by recalling the early part of my statement, where I said it is the survival of the fittest with the steamship lines, and it is a very difficult matter for me to reconcile myself to pay that additional cent when my income is no greater than it was four or five years ago.

The CHAIRMAN. That is personal to you. Taking the American people in general, I think they can afford to pay it.

Representative GROSVENOR. That is what I meant.

The CHAIRMAN. And inasmuch as it has given employment to a good many thousands of American workingmen, you take that into account, of course.

Mr. SICKEL. I think, if you will recall my words, I said I paid it as a tribute to the American workman; and I am happy to pay it. I believe in that principle. But I do not see that this question is one in which we are trying to seek out propositions to work on. It is a question of accepting one of two conditions. The one condition is to pay a subsidy to American-built boats, so that the American workman and the American laborer can have employment. If we do not want to do that, we then must amend our laws so as to admit the foreign vessels free of any duty and let them operate. You can figure it either way. You put it sometimes on the question of a bounty, and sometimes on the question of an import preferential duty, and so much per ton per steamer; but they all get down to the same proposition. It is a subsidy.

The CHAIRMAN. Mr. Sickel, all the testimony we took on the Atlantic seaboard, from shipowners and bankers, was to the effect that even if we could buy our ships abroad free they could not be operated as against the foreign ship, and the shipbuilders and shipowners said they would not touch ships under those conditions.

Mr. SICKEL. I see.

The CHAIRMAN. So that would not help us out, apparently.

#### THE ONLY TRUE SOLUTION.

Mr. SICKEL. Then, there is no alternative but to pay the subsidy. It is the only true solution. If you look at it from a sentimental standpoint of wishing to have a merchant marine, it is absolutely essential. If you look at it from the standpoint of whether we have the necessary facilities to get our cargoes to foreign ports, I say we do not need any more steamers. Goodness knows we have too many of them now, in the present condition of our business, and the condition has been the same for three years. The gentleman who spoke a few minutes ago referred to it as a great monopoly. Mr. Patton has stated that grain has been carried free within recent months. Certainly no monopoly exists, if we are willing to take it free.

Senator PENROSE. Not an oppressive monopoly.

Mr. SICKEL. It is certainly not oppressive; no, sir; and from the standpoint of needing steamers to conduct our business in the regular channel, we do not need them.

I thank you very much, gentlemen. If I can assist you in any way by answering questions, I will be very happy to do so.

Senator PENROSE. You think there is too much ocean tonnage now?

Mr. SICKEL. That is exactly the trouble.

Senator PENROSE. And therefore it is a fruitless proposition to talk about building any more under the American flag or any other flag.

Mr. SICKEL. If you look at it from the standpoint of needing tonnage to increase our exports, we do not need it.

Representative HUMPHREY. Do you not think the payment of subsidies by other nations has had something to do with bringing about that condition, as well as the era of prosperity of which you speak?

Mr. SICKEL. Well, I think the payment of subsidies by other nations has been magnified to a very large extent. The British Government subsidies are largely in the shape of mail subventions.

The CHAIRMAN. But that is just as much a subsidy as anything else, is it not?

Mr. SICKEL. Exactly, but they do not give that to any extent to the cargo vessels. My understanding of German subsidy is that it is expended very largely for the purpose of opening up a new trade like that referred to here to-day with Argentina. The German Government will stand by the Hamburg-American or the North German Lloyd and see that they do not lose any money for a certain number of years in order to develop the trade. We had a practical demonstration of that in the aid granted a line to the east coast of Africa.

The CHAIRMAN. The best information we can get is that Great Britain is paying subventions of one kind and another to the amount of \$6,000,000 annually.

Mr. SICKEL. \$6,000,000 or £6,000,000?

The CHAIRMAN. \$6,000,000 annually.

Mr. SICKEL. Of course when you distribute that over the British tonnage, which is enormous and the greatest in the world, it amounts to very little per vessel.

The CHAIRMAN. It is not very much per vessel.

Mr. SICKEL. If that was distributed over our American tonnage, it would be quite large.

#### A CHANGE FOR THE BETTER.

Senator PENROSE. While it is true that there is too much tonnage now, is it not also a fact that the business goes in waves? May it not be true that in two or three years there will not be enough ships, because of vessels going out of use and getting old?

Mr. SICKEL. If we did not think there would be a change some day, we would all go out of the business.

Senator PENROSE. Then, the mere fact that there is a lot of idle tonnage now is no reason why the American Government ought not to proceed to build up an American merchant marine, hoping, as you hope in your business, that times will become better.

Mr. SICKEL. Yes, sir; I think that is very reasonable.

Representative SPIGHT. Mr. Sickel, you spoke about the difference between our system of government and European governments that are paying subsidies. Have you thought about the question whether we have under our Constitution the power to grant these subsidies, gifts, or bonuses?

Mr. SICKEL. I have not given that matter any consideration. That gives me a new thought. We who may be in favor of it in this country of course have no power except to influence people to vote in that way, while in the European nations that condition does not exist to such a great extent. The thing is done more automatically.

Representative SPIGHT. I am asking about the power under our Constitution to grant a subsidy.

Mr. SICKEL. I am not familiar enough with that subject to answer you.

The CHAIRMAN. Mr. Sickel, I notice you have given very serious thought to these subjects. You would be inclined to think, would you not, that a Government that could give a subsidy for carrying the mails from New York to New Orleans, that could vote \$5,000,000 as a gift to the Louisiana Purchase Exposition and make it a loan of \$4,600,000, and that could give millions for the improvement of the

Mississippi River, without the pretense that it was to aid commerce, could give some kind of a subvention to American shipping?

Mr. SICKEL. I should think they could; yes, sir.

Representative GROSVENOR. Especially if a railroad carries the mail from one city to another under contract at a certain price for a number of years, and then the Government puts \$140,000 a year right on top of it as a gift. A government that could stand that could stand nearly anything afterwards, could it not?

Mr. SICKEL. I should think so.

Representative SPIGHT. Suppose the \$140,000 that General Grosvenor speaks of was given not as a bonus or a naked gift, but as compensation for running an extra fast mail train. How would it be then?

Representative GROSVENOR. If the facts justified that, you would have some ground to stand on, but they do not.

Representative SPIGHT. That is the ground on which it is justified.

Representative GROSVENOR. But they never did it.

The CHAIRMAN. Is there any other gentleman present who desires to be heard on the subject under consideration? If not, the hearing is closed so far as Chicago is concerned, and the Commission will proceed to Detroit, where the next hearing will be held.

Before the Commission adjourns I desire, as chairman of the Commission, to express my thanks to the Illinois Trust and Savings Bank for giving us the privilege of meeting in this most delightful assembly room.

The Commission (at 4 o'clock and 20 minutes p. m.) adjourned to meet at the rooms of the Board of Commerce, Detroit, Mich., June 27, 1904, at 10 o'clock a. m.

DETROIT, MICH., *June 27, 1904.*

The Commission met at 10 o'clock a. m. at the rooms of the Detroit Board of Commerce.

Present: Senators Gallinger (chairman) and Penrose, and Representatives Grosvenor, Minor, Humphrey, and Spight.

#### ADDRESS OF HON. WILLIAM C. MAYBURY, MAYOR OF DETROIT.

Mr. MAYBURY. Mr. Chairman and gentlemen, it becomes my very great privilege as well as pleasure to say to you a word of welcome to the city of Detroit.

It is possible that the investigation you are making may be somewhat more directed to the interests of other parts of the country than to our own, but that does not lessen our interest in the work you are attempting to do, because we belong to the whole country, and we feel that nothing can affect one part of it successfully that will not, directly or indirectly, affect all parts of it. Therefore our interest is as great as could be that of any people of any part of this broad land. Because the vessels pass in stately grandeur by our city upon these waters and do not stop at our wharves we have no less interest in the commerce. Our pride and interest are just as great.

Apropos to the investigation you are making, perhaps, may be an incident or two which you will pardon me for stating briefly. The growth of the commerce upon these waters has been a matter not

only of pride but of wonder to the whole country. I remember, as a lad, going with a multitude of people (and that involved almost all there was of the city in those days), down to the foot of one of our streets where stood the only grain elevator we had in those days in Detroit, to see a vessel loaded with 28,000 bushels of grain. Everybody went down to witness an event which they thought was the acme, the end, of all possible attainment in the matter of transportation upon these waters. To-day we live with a realization that such a vessel could not exist to day, and that there are vessels carrying almost ten times that quantity passing by our doors almost hourly, due to the wonderful growth of this wonderful American shipping upon our Great Lakes.

Again in 1866 the Congress of the United States passed a resolution abrogating the treaty of reciprocity with Great Britain, which involved us, of course, particularly with our Canadian neighbors, right at our doors; and the argument to Congress, and the argument that succeeded in passing the resolution, was that we had just come out of a great war, that we had something like \$2,000,000,000 of a debt to pay, and that we must seek our revenue from every possible quarter in order to pay it.

Representative GROSVENOR. What year did you say, Mr. Mayor?

Mr. MARBURY. In 1866. It was to take effect upon the 1st of January, 1867. Our Canadian neighbors, alarmed at the prospect and desiring to put themselves on record, called for a convention, which assembled here in August, 1866, in the old Board of Trade Building, right on the river front. There were delegates here from the Provinces of Canada, from New Brunswick, and from Nova Scotia. The president of that convention was Mr. Aspinwall, of New York, president of the famous Aspinwall Line. Mr. Marshall Field, then a young man, was a member. Mr. James F. Joy, of our own city, well known to you as a man of affairs, was a member. That class of men came from our own country and were met by men of equal standing from the Provinces of Canada, New Brunswick, and Nova Scotia.

I regret very much that the art of stenography was not sufficiently advanced at that time so that there could be a detailed statement of the addresses made, because they were said to have been wonderful, more especially by our Canadian friends. They have been for centuries students of the economic questions on which then, as now, we are not any too well posted. They had seen governments overturned and ministers resign because of the construction of a corn bin, which to us seems almost incomprehensible, although it was a common occurrence that a government was disrupted on account of the construction of a corn bin.

Therefore the study of all matters pertaining to the manner of living and the life of a people was A, B, C to them, and was unknown to us, and in the debates of that convention it soon became evident that our strongest men were overmatched in the discussion of those matters.

Among those who attended was Sir Joseph Howell, and a friend of mine who told me of these circumstances—for there is no written record of the convention except a small pamphlet giving merely the minutes—pronounced him a man of wonderful personality. He said the mere appearance of the man was so striking that he would pick him out from ten thousand. Among those who knew him in Nova Scotia he was looked upon as their wisest economist and as one of their greatest statesmen.

After the argument had been made by our people—and the chief argument was made by Mr. Joy, of our own city—bearing particularly upon the question that we had to have money to pay our debt, Sir Joseph Howell answered, “When you make that argument, you foreclose any argument upon our side, because the way in which a nation must pay its debt, and how and when, is not for us to discuss. It is for you to determine, although we may have our ideas, and they may differ from yours, as to how your nation will pay that debt. I am an old man, but I think I shall live to see the day—you will pardon me for saying it—when the schoolboy will not offer as an argument the claim that you need the little revenue you can get through your Canadian neighbors to help pay your debt. I may not live to see the day, but you gentlemen will, when that argument will seem impotent.” Then, turning, he said: “See how far-reaching this sentiment will be. You even seek to withdraw a command that should never be withdrawn in this world. You deny the right to fish upon these waters, forgetting that a command once went forth, never to be recalled, to let down the nets.”

The convention of course adjourned without action, leaving the treaty abrogated without prejudice upon the 1st of January; and fifteen years afterwards, before Sir Joseph Howell died, he wrote a very courtly and kindly letter to a gentleman whom he had met in the convention, saying: “I have lived long enough to submit the question. With the knowledge you now have, and with the resources you have, of mine, field, forest, and factory all combined, would you offer that argument now? You did not know your country as well as strangers knew it, my friends. I say it without meaning to be disrespectful. Your great resources you have not yet touched, and that debt will fade away in the presence of the resources with which you have to pay it.” And here in the city of Detroit we feel that his opinion of our resources was well founded.

You are welcome to Detroit. I know your visit will be pleasant and profitable to us, and I trust that it will be equally so to you.

#### RESPONSE OF THE CHAIRMAN.

The CHAIRMAN. Mr. Mayor, on behalf of the Merchant Marine Commission I desire to thank you, and through you, the citizens of Detroit, for giving us a greeting this morning. To be so graciously welcomed to this beautiful city is indeed a high honor which the Commission greatly appreciates. And before we proceed with our hearing I desire that our purpose in coming here shall be fully understood, and not misunderstood, as it seems to have been in certain quarters.

We are here, gentlemen, not of our own volition. We are here in obedience to the command of the Congress of the United States, as embodied in a statute approved April 28, 1904, which provides for the appointment of a commission to be known as the “Merchant Marine Commission,” to be composed of five members of the Senate of the United States, to be appointed by the President pro tempore thereof, and five members of the House of Representatives, to be appointed by the Speaker of the House. The duty of the Commission, as defined in the law, is “to investigate and to report to the Congress on the first day of its next session what legislation, if any, is desirable for the development of the American merchant marine and American commerce; and also what change or changes, if any, should be made



in existing laws relating to the treatment, comfort, and safety of seamen, in order to make more attractive the seafaring calling in the American merchant service."

Taking up this work in midsummer, the Commission has already had meetings in the cities of New York, Philadelphia, Baltimore, Boston, and Chicago. Starting out without any prepossessions or prejudices as a commission, we have invited gentlemen to appear before us without reference to the views they hold regarding the great question, the perplexing question, which we are asked to try to solve.

#### ALL HONEST TESTIMONY WELCOME.

We are not endeavoring to find reasons that we can submit to the Congress of the United States for the passage of a so-called subsidy law. We want opinions of men on all phases of the subject. We welcome with as much cordiality the man who is opposed to all forms of governmental aid, if he is honest in his views, as we do those who say to us that they are in favor of a direct subsidy, or of the abrogation of the treaties with foreign nations, to enable us to return to the doctrine of differential duties and the tonnage tax, and those who have argued, as some have, that a postal subvention is the best scheme for accomplishing something in behalf of the American merchant marine.

Now, gentlemen, we did not come here to-day, nor will we go to any other lake ports, for the purpose of particularly discussing with you or with others the necessity for legislation so far as the lake commerce is concerned. I think I am correct when I say that the tonnage of the Lakes is one-third of the total American tonnage, there being 2,000,000 tons on the Lakes and, I think, about 6,000,000 tons as a whole, and you do not need protection. You have had adequate protection all through the life of our Republic. Nature has protected you, to start with, and in the next place the laws of Congress have protected you by excluding from the coastwise trade of the United States all foreign vessels. It is an absolute and adequate protection, and it is the reason why the coastwise commerce of the United States has been and is prosperous.

So I say we did not come here for the purpose of discussing with you gentlemen the necessity for further legislation so far as your interests are directly concerned, but we came here to ask you as patriotic Americans, as business men, taking the broad view that what helps one section of our country helps all sections, to express to us your opinion as regards more particularly the methods for rehabilitating the American merchant marine on the high seas, if it is desirable to attempt to do anything in that direction.

We once carried in American bottoms 92½ per cent of the exports and imports of the United States. Last year we carried 8½ per cent. The condition is perfectly understood. It is deplorable and ought to be remedied if it can properly be done.

#### OUR ALMOST-LOST OCEAN SHIPPING.

In January of the present year 272 vessels passed through the Suez Canal, of which only one had the Stars and Stripes at its masthead, and I apprehend that was the yacht of some American millionaire. It is not a condition of which, as citizens of this great Republic, we ought to be proud. We lead the nations of the world in wealth, in

exports of domestic products, in manufacturing, in agriculture, and in mining; but when it comes to the merchant marine on the high seas we are almost at the foot of the class, and there are some of us who feel very deeply that if there is any proper method by which our marine can be rebuilt—rehabilitated—it is our duty, whether we live in New England, in the great West, or in the South, to do what we can to accomplish that desirable result.

We are very glad to come to Detroit, because we had in advance assurances of the cordial welcome that, through his honor the mayor, has already been extended to us.

Mr. John A. Penton, a resident of your beautiful city, who is connected with the Marine Review, which is doing so much in behalf of American shipping on the Lakes, as well as on the deep seas, has rendered us very efficient aid in our former hearings, having joined us in New York and been with us in other cities. I want to express now our appreciation to Mr. Penton for what he has done before we reached Detroit and for what he promises to do for us here and in the city of Cleveland.

We go to Cleveland next, and after that we propose to go to Puget Sound and the Pacific coast, and a subcommission of the Commission will take testimony on the South Atlantic and Gulf coasts. After that work has been done—and it is not, I assure you, gentlemen, as some newspapers have said, in the nature of a junket, because we would all prefer to be at our homes—we will sift the mass of testimony that we shall have secured on all phases of this question and endeavor to make a recommendation to Congress that will lay the foundation for some proper legislation that will do something for the American merchant marine on the high seas.

Now, gentlemen, that is the scope of our work. I assure you that our minds are open to any proper suggestions that may be made, and in behalf of the Commission I will venture to express the hope that we may get some information here, as we have received information elsewhere, in the nature of enlightenment to our own minds and in the nature of helpfulness in the matter of reaching a conclusion after our hearings have closed.

I thank you, gentlemen; and now we are ready for business.

#### **STATEMENT OF JOSEPH F. HUDSON.**

Mr. PENTON. Mr. Chairman, it affords me great pleasure to introduce to the Commission Mr. Joseph F. Hudson, president of our board of commerce.

Mr. HUDSON. Mr. Chairman and gentlemen of the Commission, I take much pleasure, in behalf of the board of commerce, in welcoming you to Detroit.

I need hardly say I am very heartily in sympathy with your work. I believe most fully in the necessity of increasing our merchant marine and in the improvement and betterment of our waterways; and while I am in no sense in favor of paternal government, I am earnestly in favor of the best that can be obtained to take our surplus products all over the world and to bring back from all other lands the things they have that we have not and the things they can produce better and cheaper than we can.

I am an optimist of optimists as to our country. I believe, gentlemen, that we are not only the greatest people on the face of the earth, but that we are so far ahead of all other nations that we may be abso-

lutely fearless of competition. Here in Michigan and all through this great chain of lakes the Power that said "The silver is mine and the gold is mine" has especially favored us. Iron, lumber, coal, and copper are here in enormous quantities. Here we can build ships of all kinds as well and as cheaply as they can be built anywhere in the world. All we need is a way to get them to the ocean. We need neither subsidies nor fostering care, only an opportunity to get our ships out.

The Erie Canal, for the improvement of which the great State of New York has appropriated more than \$100,000,000, should be made 30 feet deep instead of 16, making it a great national waterway connecting the inland seas with the Atlantic Ocean. Then we could build ships and send them and their cargoes to our customers everywhere.

The United States of America at the last session of the Congress, of which you have the honor to be members, inaugurated one of the greatest human-made waterways of the world—the Panama Canal. It is a tremendous work, but its accomplishment is sure, for every loyal American is interested in it. Follow this up with a great North American waterway connecting Lake Superior with the ocean, and you will have added another wonderful achievement to our already glorious record.

This Board of Commerce is, both individually and collectively, at your service. Anything we can do to assist you will be done most cheerfully, any information you may desire from us will be obtained for you with the greatest care. Call on us at any time; we are ready, and we will most heartily do our full share to further the work which we deem of so much consequence.

The board of commerce desires your presence here this evening at 8 o'clock, when our members will be here to welcome you.

#### THE WORK IN HAND.

Representative GROSVENOR. Gentlemen, I feel that upon the threshold of our inquiry among the business men of this city it may be well, in view of the apparent misunderstanding as to the purpose and object of this Commission, to say a few words in two certain directions.

I have for a number of years been a member of the Committee on Merchant Marine and Fisheries, which has to do substantially all the work of the House of Representatives in connection with the merchant marine so far as foreign trade is concerned. Prior to my going upon that committee I was for eight years a member of the Committee on Rivers and Harbors, and some of the questions that are now being discussed up here remind me particularly of some events in my Congressional career.

In the first place, I want to say that this Commission does not come here to build up an argument in favor of what is called "ship subsidy." I would about as soon come into the city of Detroit with a fully developed case of smallpox and expect to have a unanimous approval of what I do as to advocate ship subsidy and get the vote of a large class of people.

There is no word, I think, in the English language used so efficiently for wrongdoing as the word "subsidy," but we are not wedded to any form of legislation. For my own part, while I voted to report the Frye bill, or the Hanna bill, as it was finally called, from my own committee, I am as open-minded upon every question that will be investigated by this Commission as a jurymen ought to be when he

steps into the jury box. I have no prejudice on the subject, and I would not know what to do about it if it were left to me. I am ready to cooperate with the best wisdom of this Commission, strengthened and enlightened by the best wisdom of the country, if we can get it.

#### SUBSIDIES TO THE LAKES.

But I want to speak a word or two about subsidy. Subsidy is a frightful word, and yet you have no property in the city of Detroit that would be worth 25 cents on the dollar if it were not for direct subsidies by the United States Government. What has been done? When I went to Congress we found you with obstacles to commerce all along the line of your present great waterway. Those obstacles were removed. How? By contributions from the public Treasury of the United States for the benefit of your internal commerce. The enormous sums of money that were contributed by the taxpayers of New England and Ohio and Tennessee for the opening of your lines of communication were subsidies to the commerce of the Lakes.

What was your situation? You boast now of cheap transportation, and sometimes we hear the cost of transporting ballast put forward as the rate of freight on the Great Lakes—that is, the price for the carrying of coal to the upper end of Lake Superior and the bringing down of iron ore. I have never noticed, however, that when there is a cheap rate quoted upon coal the rate upon iron ore is quoted at the same price.

But what were the two obstacles in your way, say, twenty years ago? First, the obstructions in your navigation, and included in that the low water in the harbors where your commerce must go, and, second, the natural and inevitable result of that, small vessels carrying small cargoes. His honor, the mayor, has spoken of witnessing the inauguration of a 2,800-ton ship. If you had those ships and the old-time harbors to-day, what would your commerce be worth?

When I went upon the Committee on Rivers and Harbors the water at Lorain was 7 feet, at Ashtabula 9 feet, and so on all along the harbors of the lakes, where your commerce now finds access with 16, 18, and 19 feet of water. You are boasting now of the cheapness with which you can carry this freight, when the primal fact is the size of the ship, because that is the first and original proposition that cheapens your freight, and that ship is made possible by the subsidy of the United States Government to your commerce in the form of the digging out of the harbors where your commerce has to go.

#### LIVING ON SUBSIDY.

Then some of you turn around and say, "We don't beg; we are not begging for subsidy." Why, you are living on subsidy. You are getting rich on subsidy, and you have built on subsidy what is in my judgment the prettiest city on earth. Who would go to Grosse Pointe for a Sunday afternoon if it were not for the subsidy of the United States Government, that dug out the channel and sent this mighty train of commerce right through there?

Just recall, you gentlemen who are old enough, what has been done for you by the people of the United States. Lime Kiln Crossing! Grosse Pointe! Ten million dollars were spent. Whose money was it and for what purpose? The money of the people of the United States, spent to subsidize your commerce. "Money," says the dictionary, "in aid of commerce," is one of the definitions of subsidy.

St. Clair Flats Canal, Port Huron, Sault Ste. Marie, and Hay Lake Channel! When I first went through the upper Lakes we worked our way through the canal at about an hour or perhaps half an hour before sundown, and the vessel went to anchor or was stopped. We began to inquire and we discovered that ahead of us was a tortuous channel, and that we were forbidden to travel it at night. What sort of commerce would you have to-day with the upper Lakes if that condition existed? Every rock that was taken out of there was taken out by subsidy voted by Congress to the benefit of your commerce.

But again, where did you propose to go with your enormous contribution to the commerce of the world? You proposed to go to Toledo; and there stood a zigzag channel that could not be run in the night time. The first appropriation for which I ever voted in a river and harbor bill was to dig what we call the straight channel. So we went on, step by step. Lorain, then called by some other name; Ashtabula, then with a few tons of ore per annum, now one of the mightiest receptacles of iron ore on the whole Lakes, as I understand it. And all this time by the law of Congress no foreign ship could load a cargo of this commodity at Duluth and carry it to Buffalo or Ashtabula. You stood protected by a system of legislation that is the strongest subsidy in the world of your commerce.

#### SHALL AMERICAN SHIPS HAVE AID?

It seems to me that if there is a place anywhere in this country where there ought to be an appreciation of the work done by Congress it is up here in this section, and I believe, on reflection, that is the feeling. Now, the question is whether you will turn in and help us devise some means of getting your commerce as well as ours out into the ocean and across the ocean. Your money is excavating the harbors of the New England coast. We are making them exceedingly valuable, with 30 and 35 feet of water, and lighting them at an enormous expense. For what purpose? For carrying your commerce out and to bring the commerce of the world in. But it is all going out and all coming in in foreign ships, and the question is not whether you are now fixed by subsidy beyond any further claim or want or wish or desire for aid, but whether at last the great system that has built up your inland trade may not, by some process of legislation and with your cooperation, extend your commerce directly to the old countries.

The time for the discussion of the question whether Congress has the power to dig rivers and improve harbors has gone by. I can well remember, in the very first Congress of which I was a member, an old-time gentleman, a distinguished lawyer and leading politician of one of the Southern States, Alabama, came before the committee and began in a peculiar form of sound of words to say that he had belonged to the school of American politics that denied the legitimate power of Congress to improve a river or a harbor; but he said: "Mr. Chairman, I have lived to a time when the necessities of my people have driven me to waive my peculiar views on the Constitution." [Laughter.] From that day to this—and that was in 1885—I have never heard a word said about the constitutional power of Congress to improve a river, to improve a harbor, or to do any other thing that will contribute to the fostering of commerce among the States; and that is exactly the scheme we are looking for. [Applause.]

## STATEMENT OF WILLIAM LIVINGSTONE.

The CHAIRMAN. The Commission is ready to hear from any gentleman who desires to be heard.

Mr. STOCKING. Mr. Chairman, Mr. Livingstone, president of the Lake Carriers' Association, is next on the order of speakers.

The CHAIRMAN. Mr. Livingstone, will you state to the Commission what kind of business you are engaged in?

Mr. LIVINGSTONE. I am engaged somewhat in the operation of vessels. I am president of the Lake Carriers' Association.

The CHAIRMAN. Mr. Livingstone, the Commission will be pleased to hear from you regarding the matter we have under consideration.

Mr. LIVINGSTONE. I have been asked, Mr. Chairman, to give this Commission a few facts relative to the rate of growth of the tonnage on the Great Lakes, and to talk on the question of subsidy; but it almost seems to me, from the remarks of the Chairman and of General Grosvenor, that all the members of the Commission are so well posted on that question that it is like carrying coals to Newcastle. Therefore I will endeavor to be brief in what I have to say in the matter.

The CHAIRMAN. I think, Mr. Livingstone, your views will be of great interest to those who will take the trouble to read the report of the Commission, and I trust you will express them at such length as you had originally contemplated.

Senator PENROSE. I think it is very important to have in our hands a statement of the commerce on the Lakes, because its extent is not generally realized by the rest of the country.

The CHAIRMAN. That is true.

Mr. LIVINGSTONE. I have always believed, Mr. Chairman, the best barometer of the great increase of prosperity of any country or any specific data as to whether the year has been a successful or an unsuccessful year in the point of business is the freight tonnage which it handles during the year. I regard it as the great main artery of the business industry of the nation, and, like my friend Mr. Hudson, president of the chamber of commerce, I am an optimist as to the future of the United States.

Last year the railroads of this country handled a billion and a half tons of freight and over six hundred millions of passengers. The tonnage handled by the railroads in the United States exceeded the entire tonnage moved by all the railroads and all the rest of the world together, including the ocean tonnage.

I doubt if a majority of the people, outside of those engaged in the business, begin to realize the immense proportions the commerce on the Great Lakes has attained. The Soo canals are the largest in the world in point of freight tonnage passing through them.

## THE VAST LAKE COMMERCE.

The tonnage passing through these canals is probably the best indication of the enormous growth of lake commerce, particularly as the greatest development in the grain and iron-ore trade has been through ports at the head of Lake Superior.

The first year in which was recorded the number of tons of freight passing through the Soo Canal was 1881. In that year the records

show a fraction over a million and a half tons, or, to be accurate, 1,567,740 tons. They did not pass the 10,000,000-ton mark until 1892, and in the next decade, at the close of 1902, they had increased to almost 36,000,000 tons, the increase being nearly 250 per cent in ten years.

Similar gains are shown in the registered tonnage of vessels. In 1892 the registered tonnage amounted to 10,647,203 tons, but in the succeeding ten years, at the close of 1902, had increased to 31,955,582 tons.

At this point I want to refer to the Suez Canal by way of comparison. The general impression prevalent all over the world is that the Suez Canal is the great canal of the world. There seems to be a certain amount of sentiment about it; hence, without looking up the facts and comparing them with other canals, by a sort of tacit consent, it seems to be conceded that that is the canal.

In 1902 the traffic which passed through the Suez Canal was about 10,000,000 tons. The amount passing through the Soo Canal in 1902 was about 26,000,000 tons, over three and one-half times as much. In addition to this, the fact must be borne in mind that the Suez Canal is open the entire three hundred and sixty-five days in the year, while the Soo canals are only open an average of about two hundred and fifteen days per year, being icebound the balance of the time.

But more important still in the tonnage figures is the proof which these reports contain of the low cost of moving freight on the Lakes. During the past six years the cost of moving a ton of freight 1 mile on the Lakes has been ninety-eight hundredths of a mill—less than a tenth of a cent per ton per mile. The lowest cost by rail for which I have any data is  $3\frac{1}{2}$  mills per ton per mile, this being on the Lake Shore Road. On account of the absence of grades and the thickly settled population along its entire line, giving it a large volume of local freight in addition to its immense through traffic, it is generally conceded among railroad men to be one of the best roads in the United States for moving freight at the smallest possible cost.

I have not the figures of the Lake Shore for a year back because it has ceased giving the cost of moving freight per ton per mile, and in lieu of this now gives the rate per ton per mile.

I should, perhaps, say in this connection, having referred to the increase of Lake Superior traffic, that the movement of freight now to and from Lake Superior is more than half the entire freight movement of the Lakes. A conservative estimate, in my judgment, would be that it amounts to 60 per cent, leaving, say, 40 per cent for Lake Michigan and all other lake ports.

#### BETTER SERVICE, CHEAPER COST.

By way of comparison as showing the enormous reduction which has been obtained in freight rates owing to the tremendous increase in tonnage-carrying capacity of boats, combined with modern improvements and facilities for loading and unloading, the following figures may prove interesting:

In 1861 the average rate of freight on wheat per bushel by lake from Chicago to Buffalo was 11.53 cents; in 1886, 12.34 cents, and in 1902, 1.51 cents. In 1894, a year of great depression, it struck the extremely low average of 1.27 cents per bushel. The entire average for the last forty-three years is 4.69 cents per bushel. As a matter of

fact, the lowest rates ever made were during the past week, when grain was taken from Chicago to Buffalo at three-fourths of a cent per bushel.

It should be stated in this connection, however, that no vessel owner could afford to carry grain on any such basis, as the charge to vessels for shoveling, trimming, and tallying weights of grain alone would amount to \$4.15 per thousand bushels; and in addition to this, of course, is to be added all the other operating expenses of running the boat.

I will also briefly add that for loading and unloading facilities, the facilities for dispatch on the Great Lakes far exceed any and all other points in the world. As an illustration of this, in several instances steamers of 7,000 gross tons capacity have been loaded in four hours and unloaded in ten hours, incredible as the statement may seem. In grain the steamer *Superior City* delivered at the Northern Elevator in Buffalo 270,000 bushels of oats and barley in ten hours.

The unloading record at Lake Erie ports (an exceptional case, however), with automatic machines and everything specially arranged for fast work, was the unloading of 5,217 gross tons of ore from a ship in three hours and fifty-six minutes.

#### HUGE LAKE CARGOS.

About thirty-seven years ago a vessel passing through the Welland Canal, carrying 600 tons, or the equivalent of 20,000 bushels of corn (and it had to be shaped like a dry goods box to fit the canal), was considered a large vessel and large cargo. Last year the steamer *Clemson* carried the largest number of bushels ever taken out of Lake Superior, clearing from Duluth for Buffalo with 336,365 bushels of barley, its weight being 8,073 tons, and the steamer *J. H. Read* carried the heaviest grain cargo ever loaded on Lake Michigan, having on board 271,000 bushels from South Chicago to Buffalo, the weight being equal to 8,130 tons.

Now comes the new steamer *Augustus B. Wolvin*, just completing her first round trip, with over 10,844 net tons of ore; but she will undoubtedly hereafter load to her full draft, 18½ to 19 feet, and on that depth will carry an equivalent of 400,000 bushels of grain. As she now carries the broom for size and carrying capacity, it may not be amiss to give her dimensions. Her length is 560 feet over all, her beam 56 feet, and her molded depth 32 feet. The cubical capacity of her cargo hold is about 500,000 cubic feet, which is equivalent to 401,000 bushels of grain, or 12,500 tons of coal. And in this connection, as showing the great facilities now possessed by our shipbuilding plants on the lakes, I may state that the *Wolvin* was built in a fraction over four months' time.

Some mathematician has taken the trouble to figure out what the first cargo of ore carried by the *Wolvin* would amount to in various ways, and, as it is interesting, I herewith give it.

The steamer *Augustus B. Wolvin's* first cargo of iron ore from Two Harbors was 9,227 gross tons, 10,844 net tons, or 21,788,480 pounds. Figuring this same weight of wheat, the *Wolvin*, on paper, would carry 363,141 bushels, and this reduced would make 80,698 barrels of flour. To bake this flour and convert it into bread the result would be, at 1 pound per loaf, 20,981,481 loaves of bread, or one each for one-fourth of the population of the United States.

To carry the *Wolvin's* present cargo of iron ore it would take 217



50-ton freight cars, or more than 8 trains of 50 cars each. Taking a 50-ton freight car to measure 40 feet, and allowing the space between the cars, the 8 trains would extend  $1\frac{1}{2}$  miles without a break.

By way of emphasizing again the enormous increase of tonnage on the Lakes, on the basis of the *Wolvin* carrying 400,000 bushels she will carry twenty times the cargo of a canal vessel of thirty-seven years ago.

As I have been speaking largely of Lake Superior commerce, there should be added to this all the tonnage shipped by water to and from all other lake ports—Lake Michigan, Lake Huron, etc.—which, added to the Lake Superior tonnage, would increase the amount to about 54,000,000 tons of freight that passed through the Detroit River. This is more tonnage than all the vessels entering and clearing in the foreign trade at all ports of the United States. In this connection also, over one-half of our American steamers of 1,000 gross tons or upward and nearly half of our American steam tonnage are on the Great Lakes.

FOR THE BENEFIT OF THE WHOLE COUNTRY.

General Grosvenor has in his remarks quoted the great improvements which the United States Government has made for the Lakes. I think we on the Lakes here and all of us engaged in business fully appreciate the great work which the Government has done, not only for us, but for the whole of the United States. I do not know that the General intended his remarks to be applied in that way, and I do not think he did, but he rather carried the impression. It seems to me, Mr. Chairman, that the people here in the great Northwest and on these lakes—and of course we possess here about half the fresh water on the globe—were the only ones that were benefited. I differ a little with the gentleman, if that was his intent.

Representative GROSVENOR. I was trying to show that these works were for the benefit of the whole country and that any further development of our shipping interest ought to be recognized as being for the same purpose.

Mr. LIVINGSTONE. I beg your pardon; I misunderstood you. As a matter of fact the great bulk of the tonnage which flows by our doors, as you know, goes eastward, and the whole United States, both directly and indirectly, receives the benefits of it.

I had the pleasure, Senator, of meeting some of your committee yesterday, and I was asked a question or two. If it is not amiss, I should like to answer them again.

CANADA'S SMALL SHARE.

The CHAIRMAN. The Commission would be pleased to have you do so.

Mr. LIVINGSTONE. One of the gentlemen of the Commission asked me yesterday how much the Canada shipping amounted to. I did not have the data at that time. In reply to that question I would like to say that, including all kinds of vessels, steamers, sailing vessels, barges, etc., the total number of Canadian bottoms in commission on the Lakes is 6,792, amounting to 664,483 tons. That was an increase of 57 vessels over the year preceding. I have not the official reports of last year. It was an increase, roughly speaking, of only about 5,000 tons, which is not much more than the tonnage of one of our large vessels.

I was also asked a question as to the earliest opening of the Sault Canal. The earliest opening of any record was April 2, 1902, and the latest May 7, 1888.

I was asked the same question about the Straits of Mackinac. The earliest opening of the Straits of Mackinac was March 25, 1889, and the latest opening May 4, 1888.

I am not sure whether I was asked this question directly or not, but I was asked something equivalent to it, and I rather think Senator Penrose asked me one part of it. The shipments of flour and grain in 1902 were 284,503,036 pounds. The largest movement of grain we had was in 1898. In that year we had enormous crops, and we moved a little over 350,000,000 bushels.

In reply to a question which I think was also asked by Senator Penrose, it was stated that the value of freight passing through the Sault Canal in 1902 was \$358,306,000; and in reply to another question, that the hard-coal rate during the last ten years from Buffalo to Chicago was 46 cents per ton, and from Duluth to Chicago, 31 cents per ton. The proportion of freight carried by Canadian vessels was about 4 per cent, possibly a fraction less.

I do not know that I can say much more of the enormous growth in tonnage here on the Lakes. It seems to me the few facts presented will show it as clearly as I could possibly state it, in view of the fact that you have all apparently given the matter great study.

#### GOVERNMENT HELP DESERVED.

Perhaps I might add that the greatest point we have to face is probably this: The Government has been very liberal in making appropriations here on the Lakes, and it is not with any lack of appreciation that I say that perhaps it has not been more so than at other points. I think the total appropriations that have been made by the River and Harbor Committee from 1879 up to 1902 are about \$301,000,000. I do not know that I have the exact figures here, but I am pretty sure those are correct. Of course the Lakes have had their fair share of it.

Representative MINOR. I think about \$360,000,000, Captain.

Mr. LIVINGSTONE. Possibly. I do not include 1903, because I have not the figures. The appropriations of the river and harbor bill this past year amounted to \$60,000,000. This amount I have not included. I give it approximately, but your figures will certainly be correct, provided you add the amount for 1903.

Senator PENROSE. Then you should add the amount appropriated for the lighting of the Lakes, the light-houses, etc.

Mr. LIVINGSTONE. Yes; that would increase it.

Senator PENROSE. That does not show in the amount you have stated.

Mr. LIVINGSTONE. No, sir.

Representative MINOR. Approximately we have spent about \$500,000,000 for the enlargement and deepening of harbors and the construction of light-houses and buoys.

Mr. LIVINGSTONE. That is for the whole United States.

Representative MINOR. Yes; and of course each year that is being added to by appropriations for maintenance.

Representative HUMPHREY. Is that for the whole United States, or for the Lakes?

Representative MINOR. For the United States.

Representative GROSVENOR. I would like to ask you what effect, in your opinion, would have been realized if Canadian ships, built by Canadian money and labor and manned by Canadian sailors, had been admitted on equal terms with your lake-going ships during this period of growth?

DISASTROUS TO AMERICAN SHIPPING.

Mr. LIVINGSTONE. I think it would have been disastrous to American shipping, because, as a matter of fact, you have to bear in mind that we have registered on the Great Lakes over one-half of the steam vessels of 1,000 tons and upward.

Following up another thought to which I intended to refer, regarding the great cost of channels here on the Great Lakes and the amount of money the Government has spent on them, I will say that, while the aggregate seems large, at the same time, when people talk about a subsidy, many of them seem to have a sort of hazy idea of what subsidy means. I am not impugning the intelligence of any one, but it is simply because in this busy world of ours many people do not give it the thought and attention which perhaps the case requires. They speak about a large amount of money being spent; but I think the figures will show that there is not one single appropriation of money that the United States Congress has made from its inception down to the present time that has resulted in net results so great as appropriations made for the improvement of rivers and harbors, including both our lake and our ocean commerce.

Representative GROSVENOR. There is no doubt about that.

Mr. LIVINGSTONE. We have just bought the Panama Canal, to which the mayor alluded. We spent some \$50,000,000 in the purchase, including the \$10,000,000 which goes to Colombia. The engineers estimate it will cost \$150,000,000 more, and the probability is before they get through, in the controlling of the Chagres and all combined, it will cost perhaps \$250,000,000. I do not think any gentleman of intelligence who will sit down and look the matter over expects freight to go through that canal for ten years at least.

The CHAIRMAN. And then it will be in foreign bottoms almost exclusively.

Mr. LIVINGSTONE. Yes; because the statistics show that unless we do something to improve our commerce, it will amount to very little, less than 9 per cent having been carried in American bottoms.

Representative GROSVENOR. If you will allow me, I may say just here that the only ship-subsidy bill which has passed either House of Congress since twenty years ago, when I became a member, is the Frye bill—I believe that is what it is called—which created excitement all over the country; and these statements to which you refer of the enormous sums that were going to be appropriated grew out of the passage of that bill in the Senate. It was defeated in the House by reason of that cry. Now, the best estimate that could be made of the expenditure under that bill, if it had been passed, for its entire life, which was ten years, was about \$50,000,000, or about one and a half times the amount of the ordinary river and harbor bill of a year.

The CHAIRMAN. Of a single year.

Mr. LIVINGSTONE. You understand clearly that I am not in any way criticising the Panama Canal. I was strongly in favor personally of the purchase of the Panama Canal. I believe that, as a matter of defense, if nothing else, it will be worth all the money it costs, if not a great deal more.

## FEW AMERICAN FLAGS ABROAD.

The CHAIRMAN. And you would like to see the American flag on a big merchant ship carried through that canal first, at the head of the column, would you not?

Mr. LIVINGSTONE. That is just what I would like. On one occasion when I was not very well I traveled nearly a year in the southern part of Europe, in the Latin countries, Italy and Spain, and finally worked back through Paris and over to London and then to Liverpool. There I saw an American ship come in flying the American flag, the first I had seen in all that time, with the exception of one on James Gordon Bennett's yacht, and the whole air seemed to blossom at the sight of the old flag.

The CHAIRMAN. Mr. Livingstone, Mr. John Barrett, formerly minister to Siam and Argentina and now minister to Panama, stated to the Commission in Chicago that he had traveled around the world three times, on one occasion traveling 50,000 miles—25,000 on his direct route and 25,000 on side routes—and during those three trips around the world he did not see the American flag on a single merchant ship. He saw it on a battle ship and on several yachts belonging to American millionaires, but not on a single merchant ship during those three journeys around the world.

Mr. LIVINGSTONE. Several years ago I was in Naples and talked to Mr. Camphausen, our American consul there, a very intelligent man, and he made the statement to me that during three years there had only been three vessels in there flying the American flag; two were yachts and one was a vessel with 40,000 bushels of corn. Everything else was under a foreign flag.

Representative MINOR. Mr. Chairman, will you have anyone before the Commission to-day who is engaged in the construction of vessels here on the Lakes?

Mr. LIVINGSTONE. I am engaged in construction, and I think Mr. Passano will speak on that subject this afternoon.

Representative MINOR. Otherwise I would want to ask you a few questions.

Mr. LIVINGSTONE. I will be glad to answer any questions I can answer.

I meant to have mentioned one thing, by the way, as showing the great revolution in shipping which has taken place here on the Lakes. In 1866 or 1867 over 93 per cent of the tonnage on the Lakes was sail, and less than 7 per cent of it was steam. During the past year 96 per cent of it was steam, and about 4 per cent, perhaps a fraction less, was sail, and included in that sail were the consorts, or tow barges of sail, which the steamers tow.

## FIRST STEEL LAKE VESSELS.

Representative MINOR. That is valuable information. About what time did we begin the construction of steel vessels here on the Lakes? I want that to appear in the record.

Mr. LIVINGSTONE. I prefer to hand that to your stenographer this afternoon.

Representative MINOR. I only want to get it approximately.

Mr. LIVINGSTONE. I can then give it to you accurately. It is barely possible I remember the first boat. I do not quite remember her

dimensions. She was built in Buffalo, if my memory serves me right, and was owned by the Anchor Line.

Representative MINOR. I understand the *India*, *China*, and *Japan* were built in the early days?

Mr. LIVINGSTONE. Yes; but this boat I refer to was built prior to that time. The *India*, *China*, and *Japan* were small boats, but they were considered stately steamships when they were built.

Representative MINOR. The point I want to make is this: About what time were vessels first constructed of steel for the purpose of carrying freight?

Mr. LIVINGSTONE. I will give that to you this afternoon.

#### STANDARDIZING REDUCES COST.

Representative MINOR. Then I want to inquire of you if it is not a fact that you have cheapened steel construction by standardizing your boats? You have developed a peculiar type of boats for the lake marine, thereby standardizing them. The crews in the shipyards have been thoroughly organized for each department of work, and that has helped to cheapen construction. The point is this: We find, by testimony submitted to the Commission and from other sources of information, that the difference in the cost of construction of steel ships in this country and on the Clyde runs all the way from 33 per cent to 65 per cent. If this Commission can demonstrate to Congress that by proper encouragement of the building up of the merchant marine engaged in foreign trade we can cheapen construction, we do away with that element of expense to some extent.

We find further along that the cost of operation is about 33 per cent greater here than it is abroad. If these elements can be minimized, we can thereby cheapen transportation across the sea so as to enable American products to reach foreign customers at a less price; and if that can be accomplished, we shall undoubtedly hold that it is a benefit to the entire country; that the people of the Dakotas, Colorado, Kansas, Iowa, Michigan, and other States can be equally benefited, from the agriculturists to the manufacturers; so when they tell us this is a benefit that would accrue to the coast or to some special interest, we can say to them that it is a benefit that would accrue to all the producers of the country because of the cheapening of transportation, as that is one of the great elements that enter into this consideration.

Now, is it not a fact that the construction of steel ships has been reduced to some extent since this organization of your steel shipyards?

#### AN ERA OF GREAT SHIPS.

Mr. LIVINGSTONE. Yes, to some extent; but this afternoon Mr. Passano will undoubtedly give you some figures on that point. At the same time, I do not think the reduction up to the present time has been so very great. The great transportation problem is all boiled down to one sentence: What will move the largest amount of tonnage for the smallest amount of money? Now, the aid given by the Government in the way of deepening the channels and harbors, etc., has enabled us to put here on the Lakes a very much larger class of vessels, and the great cheapening in freights has been due, more than to all other facts put together, to the large increase in the carrying capacity

of the vessels which the deepening of the channels has made it possible to run. For instance, not so many years ago—say, thirteen years ago—my partner and myself built a couple of vessels that carried 3,000 tons of ore. When they were launched they were the biggest vessels on the Lakes. They were so large that, odd as it may seem at the present time, friends of mine said to me that they thought we had overdone it.

The facts of the case to-day are, briefly, that if a man were to say to me, "Mr. Livingstone, I have a vessel of 2,000 tons which I will give you as a free gift, provided you will take her and operate her and run her," I would positively refuse it. I would not touch it. Why? Because I would be simply in the position of the courtier in the old story. The Sultan of the Orient when he wanted to ruin one of his courtiers made him a present of an elephant, and as it was the gift of his sovereign he could not sell it or give it away. The result was he had to keep it and feed it and it ruined him.

This process of evolution we have gone through in the great increase in the carrying capacity of the ships is what has brought about the exceedingly low rates. We have vessels here on the Lakes, for instance, carrying 2,000 tons of ore, and it costs them more to make a trip from Duluth to an Ohio port and back to Duluth again than it costs some of the vessels carrying over 6,000 tons, because "the world do move." There have been improvements in machinery, and the larger vessels burn less fuel in the round trip, and the only difference in expense is perhaps three more men, at the outside. The *Wolverin* only carries 35 men, and the average crew of one of these small boats is about 19 to 20.

Representative MINOR. There is no reason, in your judgment, why the same rule applied to foreign trade will not cheapen transportation?

#### NATIONAL AID ABSOLUTELY NECESSARY.

Mr. LIVINGSTONE. Not a bit; but this point must be borne in mind—that as long as the present law exists in regard to the employment of American seamen, and the paying of American wages in the foreign trade, which applies to a vessel flying the American flag, she can not, in my judgment, compete with a foreign-built ship, foreign manned, because their operating expenses will be so much less than ours. Therefore I think it is absolutely incumbent on the Government to devise some ways and means to develop American shipping. I am not prepared to say at this moment just what the means should be; but I want you to clearly understand, before I sit down, that as far as my limited experience and judgment go, the United States can not do any better thing. I know of nothing on the face of the earth that will accomplish so much good, that will benefit so greatly the nation and all the inhabitants of the United States, as to devise some way by which the American flag can be found in every port on this round globe. [Applause.]

A great many people have an impression now, without having studied the subject, that this so-called "subsidy" is a sort of graft and that some individual or some private corporation is going to be benefited. It is a great mistake. Ways and means can certainly be devised so that the Government will practically pay for what it receives up to a certain extent. We can go on and talk on that subject for an hour, and back it up by argument and illustrations that, in my judgment, could not be controverted. The mode and method

I care nothing about, provided it accomplishes the purpose; but there is no problem to-day, I repeat, before both Houses of the United States Congress that requires so much care and attention and is of so much importance, and that will benefit this country so much, as the proper solution of this question; in other words, a solution that will put the American flag in every port on this round globe.

Representative MINOR. You are the president of the Lake Carriers' Association?

Mr. LIVINGSTONE. Yes, sir.

Representative MINOR. How much tonnage is there in that association?

Mr. LIVINGSTONE. We have, I should say, over a million tons—between 1,000,000 and 1,100,000 tons.

Representative SPIGHT. Captain, you spoke of the difference between the wages paid on an American ship and on a foreign ship. Can you tell the Commission about what the difference is between the wages paid on the Lakes and on American vessels in the foreign trade?

Mr. LIVINGSTONE. Yes, sir.

Representative SPIGHT. You pay more on the Lakes?

Mr. LIVINGSTONE. We pay a little more; yes, sir. I can give you, and I will be pleased to do so, the exact figures, if you so desire. I will hand them to you this afternoon after the recess. They will show the wages paid on the Lakes. I will give you a printed pamphlet which will show the wages we pay to all classes of labor here on the Lakes. I will also give you the wages that are paid on the coast and in the foreign trade.

Representative GROSVENOR. I will be glad to get one of those myself.

Mr. LIVINGSTONE. I will give you each a copy.

#### A TRIPLE HANDICAP.

The CHAIRMAN. I have been asked by several persons since we came to Detroit why it is that we can not compete with foreign nations on the deep seas, and for the record and for the information of those who have not given it thought I will say that the consensus of opinion, as expressed to the Commission, has been that we can not do so for three reasons: First, the additional cost of construction of ships in this country as compared to foreign nations; second, the additional cost of operation, and, third, the fact that almost every other nation has subsidized in some form its ships and we have not subsidized ours. Those three conditions must in some way be equalized, or to an extent equalized, before we can compete with other nations.

Mr. LIVINGSTONE. There is no question about that. It is not sentiment. It is a pure mathematical business proposition. If it costs us a dollar to carry freight, and foreign nations can carry that freight for 60 or 65 cents, we are out. That is all there is of it.

Representative SPIGHT. Captain, in your statement as to the difference between the wages paid on the Lakes and in the foreign trade, will you also please give the reason, or what you think is the reason, for the difference between the wages paid on the Lakes and in the foreign trade?

Mr. LIVINGSTONE. Yes, sir.

Representative SPIGHT. That might be embodied in your statement.

Mr. LIVINGSTONE. Yes, sir.

The CHAIRMAN. We are much obliged to you, Mr. Livingstone.

Subsequently Mr. Livingstone submitted to the Commission the

# THE MERCHANT-MARINE COMMISSION.

the first steamship on the Lakes was the *Merchant*,  
of Buffalo.

to the building of iron and steel vessels on the Lakes

documents were filed with the Commission by Mr.

as adopted by the Lake Carriers' Association for the year 1904.

## STEEL STEAMERS.

	Per month.
Chief engineers .....	\$150.00
First assistant engineers .....	100.00
Second assistant engineers .....	75.00
First mates .....	115.00
Second mates .....	80.00
Cooks .....	70.00
Second cooks, to October 1 .....	30.00
Second cooks, October 1 to close of navigation .....	37.50
Firemen, oilers, and water tenders, to October 1 .....	45.00
Firemen, oilers, and water tenders, October 1 to close of navigation .....	65.00
Wheelsmen and lookouts, to October 1 .....	45.00
Wheelsmen and lookouts, October 1 to close of navigation .....	65.00
Ordinary seamen, to October 1 .....	25.00
Ordinary seamen, October 1 to close of navigation .....	37.50
Second class:	
Chief engineers .....	125.00
Assistant engineers .....	90.00
First mates .....	100.00
Second mates .....	70.00
Cooks .....	70.00
Second cooks, to October 1 .....	30.00
Second cooks, October 1 to close of navigation .....	37.50
Firemen, oilers, and water tenders, to October 1 .....	45.00
Firemen, oilers, and water tenders, October 1 to close of navigation .....	65.00
Wheelsmen and lookouts, to October 1 .....	45.00
Wheelsmen and lookouts, October 1 to close of navigation .....	65.00
Ordinary seamen, to October 1 .....	25.00
Ordinary seamen, October 1 to close of navigation .....	37.50
Third class:	
Chief engineers .....	105.00
Assistant engineers .....	75.00
First mates .....	90.00
Second mates (when carried) .....	60.00
Cooks .....	70.00
Second cooks, to October 1 .....	30.00
Second cooks, October 1 to close of navigation .....	37.50
Firemen, oilers, and water tenders, to October 1 .....	45.00
Firemen, oilers, and water tenders, October 1 to close of navigation .....	65.00
Wheelsmen and lookouts, to October 1 .....	45.00
Wheelsmen and lookouts, October 1 to close of navigation .....	65.00
Ordinary seamen, to October 1 .....	25.00
Ordinary seamen, October 1 to close of navigation .....	37.50

## WOODEN STEAMERS.

First class:	
Chief engineers .....	125.00
Assistant engineers .....	90.00
First mates .....	100.00
Second mates .....	70.00
Cooks .....	70.00
Second cooks, to October 1 .....	30.00
Second cooks, October 1 to close of navigation .....	37.50
Firemen, oilers, and water tenders, to October 1 .....	45.00
Firemen, oilers, and water tenders, October 1 to close of navigation .....	65.00
Wheelsmen and lookouts, to October 1 .....	45.00



	Per month.
<b>First class—Continued.</b>	
Wheelmen and lookouts, October 1 to close of navigation	\$65.00
Ordinary seamen, to October 1	25.00
Ordinary seamen, October 1 to close of navigation	37.50
<b>Second class:</b>	
Chief engineers	114.00
Assistant engineers	84.00
First mates	90.00
Second mates (when carried)	60.00
Cooks	70.00
Second cooks, to October 1	30.00
Second cooks, October 1 to close of navigation	37.50
Firemen, oilers, and water tenders, to October 1	45.00
Firemen, oilers, and water tenders, October 1 to close of navigation	65.00
Wheelmen and lookouts, to October 1	45.00
Wheelmen and lookouts, October 1 to close of navigation	65.00
Ordinary seamen, to October 1	25.00
Ordinary seamen, October 1 to close of navigation	37.50

**Barges:**

Mates on barges shall receive not less than \$10 per month more than seamen on the same vessel, and donkeymen \$5 per month more than seamen.

Mates' wages on tow barges of the larger class (vessels which paid their mates \$70 a month last year) shall be \$70 per month for the entire season.

Able-bodied seamen on tow barges shall receive \$45 per month until October 1 and \$65 per month from October 1 to the close of navigation.

The engineers on tow barges carrying towing machines shall receive \$67.50.

The cooks on tow barges shall receive the same wages as the seamen on the same barges.

Wages of seamen, firemen, oilers, and water tenders employed in fitting out shall be \$1.75 per day while they are not boarded on the vessel.

*Agreements between the Lake Carriers' Association and the Lake Seamen's Union; the International Longshoremen's, Marine, and Transport Workers' Association; the Marine Cooks and Stewards' Union; the Marine Firemen, Oilers, and Water Tenders' Union.*

**Officers.**—William Livingstone, president, Detroit; J. H. Sheadle, vice-president, Cleveland; Harvey D. Goulder, counsel, Cleveland; Capt. George P. McKay, treasurer, Cleveland; George A. Marr, secretary, Cleveland; A. R. Rumsey, chief shipping master, Cleveland.

**Directors.**—A. B. Wolvin, Duluth; W. C. McMillan, Detroit; James Corrigan, Cleveland; H. Coulby, Cleveland; Frank J. Firth, Philadelphia; J. H. Sheadle, Cleveland; Charles A. Eddy, Bay City; C. W. Elphicke, Chicago; Dennis Sullivan, Chicago; David Vance, Milwaukee; Edward Smith, Buffalo; T. T. Morford, Buffalo; D. G. Kerr, Pittsburg; F. W. Smith, Milwaukee; H. A. Hawgood, Cleveland; John Mitchell, Cleveland; J. C. Gilchrist, Cleveland; William Livingstone, Detroit; J. E. Upson, Cleveland; H. D. Goulder, Buffalo; G. L. Douglas, Buffalo.

**Executive committee.**—William Livingstone, chairman; A. B. Wolvin, H. Coulby, E. T. Evans, Edward Smith, H. A. Hawgood, J. C. Gilchrist.

**LAKE SEAMEN'S UNION.**

This agreement, made and entered into at the city of Cleveland, by and between the Lake Carriers' Association, a corporation of the State of West Virginia, by its executive committee, duly authorized, and the Lake Seamen's Union, its duly authorized representatives, witnesseth as follows:

**SECTION 1.** This agreement is made for the navigation season of 1904 on the Great Lakes for all vessels enrolled or hereafter enrolled in the Lake Carriers' Association.

**SEC. 2.** All steamers covered by this contract shall carry members of the Lake Seamen's Union in the following capacities: Wheelmen, watchmen, lookouts, between-deck watchmen, and ordinary seamen.

**SEC. 3.** All barges covered by this contract shall carry members of the Lake Seamen's Union in the following capacities: Mates, sailors, and donkeymen.

**SEC. 4.** The Lake Seamen's Union agrees to furnish a sufficient number of men to fill the above-mentioned capacities when called upon to do so to the best of its ability, but that in the event that the Lake Seamen's Union is unable to furnish

a sufficient number of men when called upon, the owner, agent, or captain may ship nonunion men until such time as union men can be obtained.

SEC. 5. It is understood and agreed that steamers covered by this contract shall not be required to carry any more or less men than the usual custom that has heretofore prevailed unless herein otherwise specified. Ordinary seamen on coal watch shall begin working watch and watch immediately after leaving port. Steamers in package freight trade of 2,500 gross tons or over, Government register, shall carry 6 ordinary seamen. The rule with reference to the number of wheelmen, watchmen, and lookoutmen carried on all steamers shall remain as heretofore. Wheelmen, watchmen, and lookoutmen on package freight boats shall be governed by the same rules as heretofore.

SEC. 6. Tow barges carrying 2,000 tons of ore and up to 4,000 tons shall carry no less than 1 mate, 1 donkeyman, and 4 able-bodied seamen. Tow barges carrying 4,000 tons of ore and over shall carry 1 mate, 1 engineer, and 6 able-bodied seamen, who shall stand a trick at the wheel and who shall do the firing among their other duties. On the whalebacks carrying a towing machine, and which carry an engineer, there shall be carried 4 able-bodied seamen, who shall stand a trick at the wheel and who shall do the firing among their other duties.

SEC. 7. On all vessels in the salt, alabaster, stone, railroad-iron, pig-iron, cedar, or pulp-wood trade the men shall receive 25 cents per hour when working at cargo at all times over and above the regular wages.

SEC. 8. On all boats in the Welland Canal, Lake Ontario, and the St. Lawrence River trade the rule shall remain the same as heretofore.

SEC. 9. It is further agreed that all requisitions for men to be furnished under this contract shall be made by the officers of the vessels covered hereby to the shipping master of the Lake Carriers' Association or his assistants at the port nearest to which such vessel is lying, and such shipping master in turn shall make requisition on the shipping officers of the Lake Seamen's Union for all such men. And if any transportation is required to get the men to the vessel, the same shall be furnished by the shipping master of the Lake Carriers' Association, the shipping officers of the Seamen's Union guaranteeing that men so furnished with transportation will ship and serve for the trip on the boats to which they have been assigned. Nothing in this article shall prevent or prohibit the master or officer of a vessel shipping union men who may apply to him for a job as heretofore.

SEC. 10. It is understood and agreed that in the event of any grievance no man shall quit without first consulting with the agent or delegate of the Lake Seamen's Union.

There shall be no Sunday or legal holiday work, such as painting, scrubbing paint, or cleaning brass; scrubbing of decks, however, not to be construed under this paragraph as unnecessary.

SEC. 11. It is further understood and agreed that after a boat has completed her round trip, if any of the employees covered by this agreement quit, there shall be no obligation to hire others until the captain wants them. If, however, a boat is unduly delayed in unloading, the members of the crew who have made the previous round trip shall not be paid off until she has been in port three days.

SEC. 12. It is also agreed that the offices of the Lake Seamen's Union shall be kept open night and day during the season of navigation at the ports of Buffalo, Ashtabula, Cleveland, Toledo, South Chicago, Chicago, and Milwaukee.

SEC. 13. In the event of any differences arising between the two parties hereto as to the meaning or intent of any part of this contract, the men shall continue to work and said differences shall be arbitrated.

#### WAGE SCALE.

Subject to the foregoing terms and conditions the Lake Carriers' Association and the members of the Lake Seamen's Union do hereby agree to the following scale of wages for the said season of 1904:

SECTION 1. The wheelmen, watchmen, and lookoutmen, required by the laws to make up the vessel's complement shall be paid at the rate of \$45 per month from the opening of navigation to the 1st day of October, and from the 1st day of October to the close of the season of navigation at the rate of \$65 per month.

SEC. 2. Ordinary seamen shall receive at the rate of \$25 per month from the opening of navigation to October 1, and at the rate of \$37.50 per month from October 1 to the close of navigation.

SEC. 3. Mates on tow barges of the larger class (vessels which paid their mates \$70 a month last year) shall be paid \$70 per month for the entire season. Mates on

other barges shall receive not less than \$10 per month more than seamen on the same vessel and donkey men \$5 more than seamen.

SEC. 4. Able-bodied seamen on tow barges shall receive \$45 per month until October 1, and \$65 per month from October 1 to the close of navigation.

SEC. 5. Engineers on tow barges carrying towing machines shall receive \$87.50 per month.

SEC. 6. It is further agreed that the wages on steamers and barges while fitting out and while crew is not boarding on the vessel shall be \$1.75 per day.

It is the intention of the parties to this agreement that the Lake Seamen's Union shall and must furnish and supply to all vessels of the Lake Carriers' Association all of the men they require of the classes herein mentioned, to the utmost of their ability.

It is understood that the said Seamen's Union agrees that it will at all times use its best efforts and so far as possible guarantee a sufficient number of men to carry out this contract to the satisfaction of the Lake Carriers' Association; and further, that said Seamen's Union will not order or allow its members to go on strike for any cause, but shall not be required to work under police protection on the boat.

In witness whereof the Lake Carriers' Association, by its executive committee as aforesaid, has caused this contract to be subscribed and made on its behalf; and the said Lake Seamen's Union has caused this agreement to be subscribed and entered into on its behalf by its representatives, whose names are also hereto subscribed, at the city of Cleveland, this 10th day of May, 1904.

THE LAKE CARRIERS' ASSOCIATION,  
By W. LIVINGSTONE, *President*.  
THE LAKE SEAMEN'S UNION,  
By WM. PENJE, *Secretary*.  
HARVEY L. JESTOR.  
THOMAS LESTER.  
L. FITZ PATRICK.  
D. C. HANSEN.  
WM. J. ROOT.  
WM. ROBERTS.  
FRANK HOWARD.  
ANDREW HAGANEY.  
J. C. H. EATON.  
VICTOR A. OLANDER.

THE INTERNATIONAL LONGSHOREMEN'S, MARINE, AND TRANSPORT WORKERS' ASSOCIATION.

This agreement, made and entered into at Cleveland, Ohio, this 15th day of April, 1904, by and between Local No. 109, Grain Scoopers, of the I. L., M., & T. A., as party of the first part, and the Lake Carriers' Association, a corporation of the State of West Virginia, as party of the second part, witnesseth:-

1. This agreement is made for the handling of grain at the port of Buffalo for the season of 1904.

2. All men employed by the superintendent for the purpose of handling grain at the port of Buffalo shall be members of the local organization of the I. L., M., & T. A., whenever such men can be had. When such men can not be had, the superintendent has the right to secure any other men who can perform the work in a satisfactory manner until such time as members of the I. L., M. & T. A. can be secured. No man shall be discharged without just cause, and he shall be notified of the cause of such discharge.

3. In the event of any controversy arising between the I. L., M. & T. A. or local organization and the Lake Carriers' Association or superintendent, or in the event of the men or local organization having any grievance the men shall continue to work, and any and all such controversies and grievances shall be settled, if possible, by the president of the local organization and the superintendent for the Lake Carriers' Association. If such controversies and grievances can not be settled, then they shall be arbitrated by choosing a third disinterested man upon whom the president of the local organization and the superintendent for the Lake Carriers' Association shall agree. The decision of any two shall be final. If the president of the local organization and the superintendent for the Lake Carriers' Association can not agree upon a third man, each shall choose a disinterested man, and the

two men thus chosen shall choose a third disinterested man and the said three men shall constitute a board of arbitration. The decision of a majority of said three shall be final and both parties shall abide thereby.

It is expressly agreed that said arbitration board shall meet within ten days after the matter has been submitted to them.

4. It is distinctly understood and agreed between the parties to this agreement that no man or boss in an intoxicated condition or under the influence of liquor shall be permitted to work while in that condition. A continued repetition of such condition shall be cause for suspension or discharge.

5. When a gang at any elevator quits or refuses to work on a vessel it shall be considered a violation of this agreement, and a gang may be sent from any other elevator governed by this agreement, who shall finish or discharge such vessel, after the rules of this agreement, as though they had originally started her. The men so finishing the cargo shall receive the entire pay for discharging or unloading all of that cargo, or at least that portion of it consigned to the elevator at which the men quit or refused to work. The men so refusing to work said vessel shall be discharged or suspended, as may be determined by the president of the local organization and the superintendent for the Lake Carriers' Association.

6. Boss-scoopers shall be appointed by the superintendent. It is understood and agreed that they be members of the Scoopers' Local Union.

7. The wage scale for unloading grain shall be \$3.12½ per thousand bushels, except where cargo is started on or after 6 p. m. on Saturday; or at any time up to 7 a. m. Monday; or coming partly unloaded from another elevator after 6 p. m. Saturday. Such cargoes to be paid for at the rate of \$3.12½ per thousand bushels. It is understood, however, that all cargoes started prior to 6 p. m. Saturday, and worked continuously at the same elevator shall be unloaded at the regular rate.

8. The compensation for handling wet grain, or lightering cargoes when vessels are aground, shall be at the rate of 35 cents per hour.

9. It is further mutually understood and agreed by and between both parties to this agreement that no saloon or political influence shall be allowed or practiced by representatives or employees of either party.

10. Legal holidays shall mean Decoration Day, Fourth of July, Labor Day, and Thanksgiving Day; no other holidays shall be recognized.

11. The supervising bosses shall have the power to hire and discharge men for cause; employing only members of Local No. 109 in good standing.

12. The president of Local No. 109 shall appoint the timekeepers for the gangs at the different elevators.

13. It is further agreed and understood that any matter not herein mentioned will remain as heretofore.

In witness whereof the Lake Carriers' Association has caused this agreement to be subscribed to by its president, and the International Longshoremen, Marine, and Transport Workers' Association has caused same to be duly executed by its representatives, as well as by the representatives of Local No. 109, also duly authorized.

THE LAKE CARRIERS' ASSOCIATION,  
By W. LIVINGSTONE, *President*.  
INTERNATIONAL LONGSHOREMEN'S, MARINE,  
AND TRANSPORT WORKERS' ASSOCIATION,  
By J. J. JOYCE,  
JOHN MCGOWAN,  
THOS. CAVANAUGH,  
DANL. J. KEEFE.

#### THE MARINE COOKS AND STEWARDS' UNION.

This agreement, made and entered into at the city of Cleveland, Ohio, May 12, 1904, by and between the Lake Carriers' Association, a corporation of the State of West Virginia, by its executive committee, duly authorized, and the Marine Cooks and Stewards' Union of the Great Lakes, by their duly authorized representatives, witnesseth, as follows:

SECTION 1. This agreement is made for the navigation season of 1904 on the Great Lakes for all vessels enrolled or hereafter enrolled in the Lake Carriers' Association.

SEC. 2. It is understood and agreed that vessels covered by this contract shall not be required to carry any more men than according to the custom which prevailed in the like service on the Great Lakes previous to 1903.

SEC. 3. It is agreed that the Marine Cooks and Stewards' Union aforesaid is to furnish cooks to all vessels covered by this contract, under the terms and conditions hereof, to the utmost extent of their ability, which they hereby undertake and agree to do. In the event that such union is unable at any time to promptly furnish sufficient and competent union men when called for by the shipping master of the Lake Carriers' Association the captain of the vessel for which such men may be required may ship nonunion men to fill such shortage for not longer than the ensuing round trip, and such nonunion men shall not be disturbed before the expiration of their terms of shipment.

SEC. 4. It is distinctly understood and agreed that all men working under this contract shall observe and perform and execute faithfully, promptly, and cheerfully all orders given by the captain or his executive officers.

SEC. 5. It is further understood and agreed that no union man shipping on any boat covered by this contract for the trip shall desert the ship before the round trip is completed; and in case he does so desert before the trip is completed the captain shall report such desertion to the shipping master of the Lake Carriers' Association, who shall in turn report it to the officers of the Marine Cooks and Stewards' Union aforesaid. Such deserter shall not be again employed under this contract within thirty days thereafter.

It is further understood and agreed that in cases wherein a man is suspended by his union for any cause his union book shall be taken from him and not returned to him until the full time of his suspension has expired.

SEC. 6. It is further agreed that all requisitions for men to be furnished under this contract shall be made by the officers of the vessels covered hereby to the shipping master of the Lake Carriers' Association or his assistants at the port nearest to which such vessel is lying, and such shipping master shall in turn make requisition on the shipping officers of the Marine Cooks and Stewards' Union for all such men. And if any transportation is required to get the men to the vessel the same shall be furnished by the shipping master of the Lake Carriers' Association, the shipping officers of the Stewards' Union guaranteeing that men so furnished with transportation will ship and serve for the trip on the boats to which they have been assigned.

Nothing in this article shall prevent or prohibit the master or other officer of a vessel shipping union men who may apply to him for a job as heretofore.

SEC. 7. All men furnished under and pursuant to this contract must be satisfactory to the captain of the vessel on which it is proposed to ship them.

SEC. 8. It is understood that the said Marine Cooks and Stewards' Union agrees that it will at all times use its best efforts and so far as possible guarantee a sufficient number of men to carry out this contract to the satisfaction of the Lake Carriers' Association; and further that the said Marine Cooks and Stewards' Union will not order or allow its members to go on strike for any cause.

SEC. 9. In the event of any differences arising between the two parties hereto as to the meaning or intent of any part of this contract, the men shall continue to work and said differences shall be arbitrated in the usual way.

#### WAGE SCALE.

Subject to the foregoing terms and conditions, the members of the Marine Cooks and Stewards' Union of the Great Lakes do hereby agree to the following scale of wages for the season of 1904, and agree to accept and abide by such scale of wages and carry out this contract for the entire season ensuing, and the vessels of the Lake Carriers' Association shall pay said scale of wages:

SEC. 1. Chief cooks shall receive wages at the rate of \$70 per month for the entire season.

SEC. 2. Second cooks shall receive wages at the rate of \$30 per month to the 1st day of October and at the rate of \$37.50 from the 1st day of October to the close of navigation.

SEC. 3. On vessels carrying a porter or porters the porters shall receive wages at the rate of \$25 per month to October 1 and at the rate of \$35 per month from the 1st day of October to the close of navigation, except on package-freight boats, who shall receive the same pay as second cooks.

SEC. 4. It is distinctly understood and agreed that passenger vessels shall carry union men whenever the same can be obtained satisfactory to the chief steward at wages agreed upon between such chief steward and the men so employed.

It is also specially understood and agreed that no part of this agreement and contract, except the last foregoing clause, shall have any application to, or be binding upon, passenger vessels or tugs, and that each passenger vessel or line may make its own agreements separately with its cooks, stewards, and porters, according to the peculiar needs and conditions of each line or vessel, as they may see fit.

SEC. 5. Cooks on tow barges shall receive the same wages as the seamen on the same barges.

SEC. 6. It is further agreed that on tow barges of a carrying capacity of 2,500 tons or less the captain may carry his wife as cook, and on steam barges of all classes the cook may carry his wife as second cook.

In witness whereof the Lake Carriers' Association, by its executive committee as aforesaid, has caused this contract to be made and subscribed on its behalf, and the said Marine Cooks and Stewards' Union of the Great Lakes has caused this agreement to be subscribed and entered into on its behalf by its representatives, who e names are also hereunto subscribed, at the city of Cleveland, the day and year as above written.

THE LAKE CARRIERS' ASSOCIATION,  
By W. LIVINGSTONE, *President*.  
THE MARINE COOKS AND STEWARDS' UNION,  
By WM. PENJE, *General Secretary L. S. U.*  
R. H. WALKER, *General Secretary M. C. and S. U.*  
F. MOORE.  
DAVID ENGLISH.  
CHAS. L. BRISTOL.  
OTTO SCHWARTZ.  
N. N. PETERSON.

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THE MARINE FIREMEN, OILERS, AND WATER TENDERS' UNION.

This agreement, made and entered into in the city of Cleveland, this 27th day of April, 1904, by and between the Lake Carriers' Association, a corporation of the State of West Virginia, by its executive committee, duly authorized, and the Marine Firemen's Local No. 124 of the I. L., M. and T. A., duly authorized representatives, witnesseth:

1. This agreement is made for the navigation season of 1904, on the Great Lakes, for all vessels enrolled or may hereafter be enrolled in the Lake Carriers' Association.

2. It is understood and agreed that steamers covered by this contract shall not be required to carry any more or less men than was the custom previous to 1902, except in cases where men are unable to do the work; then they can apply to the engineer or owner for such additional help as the engineer may deem necessary; and in the event of differences arising, the same shall be adjusted promptly by the presidents of the parties hereto, respectively, and if unable to agree shall call in a third disinterested party, and the decision of a majority of these three shall be final and binding.

3. In the event that the Firemen's Union Local No. 124, I. L., M. and T. A., is unable to furnish sufficient men when called for by the engineer or his representative, he may ship nonunion men to fill such shortage for not longer than the ensuing round trip; and such nonunion men shall not be disturbed before the expiration of their terms of shipment for the trip, as above provided.

4. It is understood and agreed that all men employed under this contract shall be under the direction and control of the engineer and at all times subject to his orders.

5. It is further understood and agreed that no union man shipping on any boat covered by this contract for the trip shall desert the ship before the trip is completed (and then, if he decides to quit, must give the engineer twelve hours' notice before doing so), or under any circumstances refuse to perform his duty; and in case he does so before the trip is completed, such action shall be reported to the Marine Firemen, Oilers, and Water Tenders' Union, who agree to at once discipline him and not offer him for shipment for a period of thirty days.

6. It is further agreed that all requisitions for men to be furnished under this contract shall be made to the officers or agents of the Marine Firemen, Oilers, and

Water Tenders' Union when not shipped aboard the boat, and if any transportation is required to get the men to the vessel the same shall be furnished by the Marine Firemen's Local, who, in turn, shall be reimbursed by the captain or owner (as the case may be) after such men have made the round trip as agreed. Nothing in this article shall prevent or prohibit the engineer of the vessel from shipping union men who may apply to him as heretofore.

7. It is also agreed that the offices of the Firemen's Local shall be kept open until 10 p. m. each day during the navigation season at the ports of Buffalo, Conneaut, Ashtabula, Cleveland, Toledo, Detroit, Bay City, Chicago, South Chicago, Milwaukee, Superior, and Ogdensburg.

8. After a boat has completed her round trip, if the firemen quit, there shall be no obligation to hire a new crew of firemen until the engineer wants them. If, however, a boat is unduly delayed in unloading, the firemen who have made the previous round trip shall not be paid off until she has been in port three days.

WAGE SCALE.

Subject to the foregoing terms and conditions, The Lake Carriers' Association and the members of the Marine Firemen, Oilers, and Water Tenders' Association do hereby agree to the following scale of wages for the season of 1904:

1. The wages of the men employed in fitting out shall be \$1.75 per day while they are not boarded on the vessel. As soon as they are shipped for the trip and the vessel is in commission, the rate shall be the wage fixed by the schedule hereinafter provided.

2. The rate of wages for firemen, oilers, and water tenders shall be at the rate of \$45 per month until October 1, and from October 1 to the close of navigation the wage to be \$65 per month.

3. It is the intention of the parties to this agreement that the Marine Firemen Oilers' and Water Tenders' Local shall furnish and supply to all vessels of the Lake Carriers' Association all of the men they require of the classes herein mentioned to the utmost of their ability.

4. It is understood and agreed that the Marine Firemen, Oilers, and Water Tenders' Local agrees that it will at all times use its best efforts and, so far as possible, guarantee a sufficient number of men to carry out this contract to the satisfaction of the Lake Carriers' Association; and, further, that the said Marine Firemen, Oilers, and Water Tenders' Local will not order or allow its members to go on strike for any cause, but shall not be required to work under police protection on the boat.

5. In the event of any differences arising between the two parties hereto as to the meaning or intent of any part of this contract, the men shall continue to work, said differences to be arbitrated in the usual way.

In witness whereof the Lake Carriers' Association, by its executive committee and president, as aforesaid, has caused this contract to be subscribed and made on its behalf, and the said Marine Firemen, Oilers, and Water Tenders' Local, 124, of the I. L. M., and T. A., has caused this agreement to be subscribed and entered into on their behalf, by their representatives, whose names are also hereunto subscribed, at the city of Cleveland, the day and year first above written.

THE MARINE FIREMEN, OILERS, AND  
WATER TENDERS' ASSOCIATION,

By DAN'L J. KEEFE, *President*.  
C. WILD.

MICHAEL CASEY.  
THOMAS KELLY.  
JAMES KENNEDY.  
ALBERT AMMON.  
THOS. WILSON.

THE LAKE CARRIERS' ASSOCIATION,  
By W. LIVINGSTONE, *President*.  
GEO. A. MARR, *Secretary*.

## STATEMENT OF A. C. PASSANO.

The CHAIRMAN. We are ready to hear any gentleman who desires to be heard.

Mr. PENTON. I will say that the Board of Commerce of Detroit, in order to economize time, has arranged to have a number of speakers appear before the Commission, each one of whom is somewhat of a specialist in his way, and will answer any questions referring to his particular industry. There are two gentlemen whose names appear here who can answer the questions asked by Captain Minor, one of whom, Mr. Kirby, is not in the room at this time; but we will have a paper from Mr. A. C. Passano, president of the Great Lakes Engineering Works, who operates a modern yard in this locality, and who is quite well informed in regard to the construction of steel ships.

Mr. PASSANO. I will state, Mr. Chairman, that my business is that of ship and engine builder on the Lakes, and that I appear before you not to go into all of the different lines of argument which might be brought to bear on this great subject, but more particularly to touch upon one or two lines of thought which, to my mind, will have an important bearing in the consideration of this great subject by your honorable Commission.

Mr. Chairman, I do not believe that anything can be said to-day which will add in any degree to the strength of the arguments already advanced by the prominent men of other cities in the interest of the American merchant marine. I believe the records of the many discussions and arguments during recent years would justify the statement that the representatives of the people of these United States do not require an array of statistics to prove to them that the United States of America has lost her prestige on the high seas and that the Stars and Stripes are seldom seen floating from the vessels carrying the world's goods. These humiliating facts are too well known to you gentlemen, and any attempt to further prove their correctness would be a waste of your valuable time. I believe, gentlemen, you have passed by that stage of doubt and that you join heartily with the great agricultural, mining, manufacturing, and banking interests of this country in saying that Congress must act and act quickly on this question before us.

The representatives of the people of the United States when assembled in Washington at the next session of Congress will surely brook no delay if they heed the voice of the people in their demand for American-built boats. With your ear to the ground you can to-day hear the rumbling noise growing stronger and louder all the while and coming up from every hamlet, every village, every lumber camp, every mining district, from every agricultural and industrial center, because the people—the masses—are awakening to the fact that the building of an American merchant marine is an "American necessity." Much time has already been wasted in heated and passionate debate savoring entirely too much of politics. Gentlemen, this question is greater than any political party, yes, greater than both of the great political parties of this country. It is greater than politics because it appeals to the honor and pride of every true American citizen, and should be so treated by our representatives. Congress should not longer delay in deciding as to whether "subsidies" or "differential duties" is the proper plan to adopt for the upbuilding of the American merchant marine.



## ANYTHING BETTER THAN INACTION.

Gentlemen, you have been devoting your valuable time to gathering information as to which plan is the best to adopt. It is possible that any decision reached will not satisfy everyone, but the ever-increasing feeling of uneasiness makes it mandatory upon you as representatives of the great mass of interested people of this country to decide upon something, and I believe that either one of the plans which has been before Congress should be adopted rather than tolerate further delay. Congress may make a mistake if "subsidies" are adopted. It may make a mistake if "differentials" are adopted. In either case there is a possibility that no mistake will be made. It is a certainty, however, that a national disgrace is being and will continue to be thrust upon the people of the country until Congress rises to a full sense of its responsibility and decides this great American problem by pure American patriotism, irrespective of politics, free from partisan or sectional feeling. The losses already sustained by the people of this country are irreparable, and after all, gentlemen, it is the people and not the shipbuilders you must consider. The producers of this country are the most directly interested class. The people who elect their representatives to make their laws and to so administer the affairs of the country that the greatest possible results will be attained are going to be heard very emphatically when Congress is next in session.

## FOR PREFERENTIAL DUTIES.

Therefore the shipbuilding business of the country should be increased either by direct subsidies or by differential duties. One of these plans is no doubt preferable to the other, and I speak for preferential duties; yet, if the subsidy plan should be decided upon by Congress as the best, I would say, "Well done, good and faithful servants," because the poorest legislation proposed in this case is a million times better than no legislation at all, and will be a step in the direction of progress. Any money spent by Congress which will give work to the American shipyards will be returned to the people at large through the various channels of business. There is no trade or industry I know of, from the farmer to the banker, which will not receive a direct benefit from the building of ships by American mechanics to carry the ocean traffic of the United States.

I am interested and speak earnestly and sincerely on this subject because I fully appreciate its importance. As a shipbuilder of the Great Lakes I know that the vessels which are built on the coast will require millions of pounds of ore from which the steel plate is to be made. I know what this means for the miners of this country, and starting from that viewpoint please try and picture the necessities in the commercial, agricultural, and industrial trades growing out of the additional mining of millions of pounds of ore which will be required. The most optimistic man will utterly fail in his effort to describe what it will mean to this country's wealth and to its people. We will simply develop in this country another large industry, which will help trade conditions by the employment of many, many thousands of people.

## FROM LAKE TO OCEAN.

New York State has voted to spend \$101,000,000 to secure a 1,000-ton barge canal from the Great Lakes to the Atlantic coast. New

York State is benefiting every State in the Union by her most noble act of Americanism. Now that the single State of New York has shown such progressiveness, every State in the Union through its Representatives in Congress should vote to spend sufficient money to make the waterway at least 22 feet deep and at least 300 feet wide, top measurement, so that the products of the vast farms and mines tributary to the Great Lakes, and likewise the manufactured articles, together with the anthracite coal, etc., of the East, can be cheaply transported and distributed to the millions of people living either in cities bordering on or tributary to the waterway.

This additional means of transportation is an absolute necessity and Congress should act upon it at once, especially as the waterway is now assured. It is only a question of size, and that question should be one of national importance, as a means toward adding ships to our merchant marine. This phase of the subject should receive the most careful consideration. During the Spanish war President McKinley was obliged to buy foreign boats to transport the American soldiers; and yet there were steel steamers in abundance on the Great Lakes which could have been used by the United States Government if there had been a channel large enough to permit of their passage to the coast. Congress is spending—and rightfully so—millions to build up an American navy, and also upon fortifications. This money is purely for purposes of defense. Is it not imperative that the door should be opened whereby the United States Government could secure, if necessity arises, all the transports she needs? No one to-day questions the wisdom of Congress in voting money for the building of the isthmian canal. When finished it will be cheap at any price. Likewise no one can logically question the wisdom of a deep waterway from the Lakes to the coast. It will be a money maker and a Government necessity no matter what it costs, and the demand for it is right at your door. Action upon it can not be delayed with safety to the commercial, agricultural, and manufacturing interests of this country.

The CHAIRMAN. Mr. Passano, if it does not interrupt you, let me ask what route you would suggest to get from the ocean to the Great Lakes?

Mr. PASSANO. I would suggest, sir, that the present route, adopted by the State of New York, would probably offer the greatest advantage, the quickest transportation, and the least cost to the nation at the present time.

The CHAIRMAN. That is, you would have the Government cooperate and make a large appropriation to deepen that waterway?

Mr. PASSANO. Yes, sir; make it a national affair.

The CHAIRMAN. I have thought, from a cursory examination, that the State of New York, in spending \$100,000,000 or so for so shallow a stream was going to waste a good deal of money in that waterway.

#### THE NATION THE GAINER.

Mr. PASSANO. Well, just digressing for a moment, with your permission, I do not believe that they will waste that money. I believe they will get it all back. The State of New York will be a gainer in the increased commerce that will pass through the State, but the nation will be the gainer if we simply enlarge it.

If there is any doubt in your minds as to the wisdom of a great waterway from the Lakes to the coast, it is only necessary to refer to the commercial statistics of Germany and other countries to prove

beyond a doubt the wisdom of governmental assistance in establishing great waterways for increasing the traffic of this country and thereby adding to the number of merchant vessels of the nation—"useful in time of peace; a necessity in time of war." Open up the waterways to the coast, and with a moderate differential duty the people of the United States will change the maps of the world. The lake shipbuilders would welcome this. We have no fear and are certainly not afraid of foreign competition. The greatest good for the greatest number is the only proposition for Congress to consider and act upon.

The Canadian government is fully alive to the importance of this great subject and is now about perfecting arrangements to establish a deep waterway for the benefit of its people.

It may be true that that waterway can be used with benefit to the United States in transporting our large vessels, such as Mr. Livingstone has so vividly described to you, and if we can get them to the ocean, you can understand that the cost of transporting the freight to the other side would be a very nominal cost.

The CHAIRMAN. That would be a complete reconstruction of the Canadian canals at an enormous expense.

Mr. PASSANO. At an enormous expense. Possibly Mr. Wisner, who will follow me, and who, while a citizen of Detroit, has gone up there to settle this proposition, and is fresh from that territory, can give you valuable information on it.

Now, gentlemen, your next session of Congress is going to be one, I do not doubt, of history making. These questions will be acted upon, and if you shall establish laws which will enable the merchant marine of this country to come to the surface, and a waterway is established whereby the people of this great Central West can transport their products and bring back those which are used by them, I think without any doubt or contradiction you will have made history greater than the world has ever seen.

The CHAIRMAN. Mr. Passano, have you given any special study to the approximate cost of the improvements that you have suggested in order to get to the coast?

Mr. PASSANO. I could only give my personal opinion, sir.

The CHAIRMAN. Certainly.

Mr. PASSANO. I should say, in view of the cost which has already been estimated by the New York commission—\$101,000,000—that perhaps \$200,000,000 more would cover the field, making possibly \$300,000,000 all told.

#### THE TREATIES THAT MUST BE AMENDED.

The CHAIRMAN. Mr. Passano, in your very interesting paper I notice you advocate differential duties in preference to so-called "subsidies." Have you given attention to the fact, so ably pointed out by ex-Senator Edmunds, of Vermont, in his argument before the Committee on Commerce of the Senate, that in order to enable the Government to adopt that plan, or readopt the old plan, we must abrogate thirty commercial treaties with the great and little nations of the world?

Mr. PASSANO. Yes, sir; I have thought of that.

The CHAIRMAN. What, in your opinion, would be the result of the abrogation of those commercial treaties?

Mr. PASSANO. Before answering your question directly I might state that I have always, until the last year, been in favor of subsi-

dies. You may wonder why I should directly state to-day that I am in favor of differentials. You will note, if you have followed my line of argument, that I will accept either.

The CHAIRMAN. Yes.

Mr. PASSANO. I will accept either rather than to stand still. I simply point out that differentials are preferable, more from the standpoint of getting what I consider a straddle on this matter before Congress, so that Congress shall go to work on it. So well satisfied am I, Mr. Chairman, that subsidy would bring no harm to this nation, but rather, as a matter of fact, that it would benefit the nation if Congress should see fit to promulgate a law establishing subsidies, that I should certainly say, "Well done;" but I am in favor of differentials to-day, I might say of necessity, because I believe that this merchant-marine proposition has been so long before Congress that it would seem as though, unfortunately, there is a division in the House, so to speak, and the one side, thinking it is a question advanced by their brethren of the opposite political faith, would not approve of it, irrespective of the demands of the people. If that is the case, and if a straddle is necessary, as from my viewpoint it is, then, in order that we may get legislation, I favor differentials, but I certainly welcome subsidies rather than to stand still.

The CHAIRMAN. The practical difficulty, as it seems to some of us—I speak for myself merely—in reference to returning to the differential duty and tonnage-tax principle of the olden time is that we have commercial treaties with so many nations, and it has occurred to me that we would not only be in danger of precipitating a commercial war, but that we would have retaliation in some form or other on the part of those nations if we should abrogate the treaties, which we have a right to do, in most cases, by one year's notice. I have not fully made up my mind, I will say frankly, about it; but we want the opinions of men who have thought on the subject. It was for that reason I asked the question.

Now, just one other question. You have pointed out very clearly the advantages to this country of a merchant marine on the high seas. There is one point about which I want to make a suggestion that I believe your observations did not cover. That is the fact that we are paying to-day to foreign nations approximately \$200,000,000 a year for transporting our goods, and if we should pay that amount, or any considerable part of it, to our own people, putting that money in circulation at home for the repair of ships, for wages, etc., I apprehend you would agree with me it would be of great advantage to the United States.

Mr. PASSANO. Without a doubt, sir.

The CHAIRMAN. Thank you, Mr. Passano.

#### STATEMENT OF GEORGE Y. WISNER.

Mr. PENTON. Mr. Chairman, the board wishes to present next Mr. George Y. Wisner, an eminent civil engineer of Detroit, who has served the Government in many capacities. He is at present, I believe, the consulting engineer of the Interior Department looking after the reclamation of the arid lands of the West. He is likewise the consulting engineer of the Montreal and Georgian Bay Canal Company, which contemplates the construction of a large canal from Georgian Bay to Montreal.

Mr. WISNER. Gentlemen of the Commission, the facts which I wish to call to your attention have all been referred to by Mr. Livingstone, Mr. Passano, and others, who have already discussed them, and I will simply take your time to emphasize a few points.

It is perfectly true that under the fostering care of the United States the commerce of our Great Lakes has become a very healthy infant, and in order to get the best results from the best developments we must bring the producers of the regions tributary to the Great Lakes in closer touch with the consumers on our Atlantic seaboard and also with those across the Atlantic.

Going back to the time of the starting of the Erie Canal it was simply a ditch. Long before it was completed it was found inadequate, and was enlarged. At the present time a new project is being started to make that a thousand-ton barge canal. The same process has been gone through in Canada. They started the Welland Canal with 10 feet, I think, increased it to 12 feet, and now all the canals of the St. Lawrence system have been increased to 13 or 14 feet, but probably a 12-foot boat is the best they could get through, and still they find it inadequate.

#### CANADIAN ENTERPRISE.

In spite of all these examples before them the people of New York are getting ready to expend \$101,000,000, and probably a good deal more than that before they get through, on a canal which will not carry one ton more freight than the Erie does to-day. That is, I think, established almost beyond a doubt. The Canadians are fully realizing the entire situation. They have tried that size of canal and find that it does not get the commerce. They have simply been waiting to see what New York will do before starting an enterprise to build a canal 22 feet deep from the Great Lakes to Montreal.

They have the natural outlet, and are in a position to get a waterway of that kind for less than half the money it would cost us in the United States. While New York is getting ready to spend \$101,000,000 for a 12-foot canal which will simply carry boats of 1,000-ton capacity at a speed of probably 4 miles an hour, they can build a waterway from Georgian Bay to Montreal, reaching 30-foot navigation at that point—not at present, but it will be before the canal is completed—for a sum less than \$80,000,000.

Senator PENROSE. How long will that canal be?

Mr. WISNER. That waterway from Georgian Bay to Montreal will be 425 miles in length, but of the entire distance there is less than 40 miles of canal.

Senator PENROSE. It strikes the Ottawa River?

Mr. WISNER. It goes up the French River to Lake Nipissing, which is the summit level, thence across the divide to the Mattawa River, thence to the Ottawa, and down the Ottawa to Montreal. Of that entire distance there will be only 40 miles of actual canal and about 74 miles of improved river less than 300 feet in width. The rest is open navigation.

Senator PENROSE. Have any steps yet been taken toward beginning the construction of that canal?

Mr. WISNER. There is a strong probability of a construction company being formed within the coming year. I have just returned from there, and I will say that the entire Canadian government, the ministry as well as parliament, is strongly of the opinion that it is going to become a national necessity.

The CHAIRMAN. Do they utilize the Lachine Canal and enlarge it?

Mr. WISNER. No; it does not touch that at all. It simply goes from Georgian Bay to Lake Nipissing; then through a summit cut of less than 4 miles in distance and very low at that, and then there is a downstream waterway to Montreal; but the main features of this water route are simply these, that for nearly the entire distance the steamers will be able to make very nearly the same speed they do in our natural waterways.

#### THE SHORTER DISTANCE.

Now, come down to a percentage of distances. A vessel starting from Chicago will have to traverse practically the same distance to reach Buffalo that she does to reach Montreal; and as time is a large element in the cost of transportation, the fact that the distance is between 400 and 500 miles longer by the United States route than it is by the route I have described would be an important one in shipping.

So far as commercial features are concerned, gentlemen, I do not know but that in times of peace an outlet to Montreal is just as good to the producers of the Northwest and of the Lake regions as one to New York.

Senator PENROSE. How long will it take to construct that canal to Montreal?

Mr. WISNER. If started by a private syndicate and constructed on business principles, it can be done in five years, and that is probably the way it will be done. But if any friction should arise between the United States and Canada, that route is entirely on the other side and probably would not be as advantageous as one in the United States.

The very fact that the Canadians have been delaying all action on this matter until after they find out what the sentiment in New York was going to amount to shows pretty nearly what the situation is. If the United States should take up the construction of a deep waterway, as has been suggested by Mr. Passano, I doubt very much whether they would begin the construction of a canal on the other side which would enter into competition with American products, for there is no question that the direction of traffic is largely the function of domestic consumption; and as a large amount of the wheat and flour which is going east is consumed on our eastern seaboard, there is no doubt but that considerable would go the Lake Erie route under any conditions, provided we had the necessary waterway.

#### TWO POSSIBLE ROUTES.

Senator PENROSE. Has not the United States Government authorized a survey of a canal that comes into the Hudson River at Lake Champlain?

Mr. WISNER. In 1897 a commission was appointed, of which I was a member, to investigate a waterway from the Lakes to the seaboard. There were two which we took up, and of which we made careful surveys and estimates. One was from Lake Erie to Lake Ontario, then down Lake Ontario to Oswego, up the Oswego River and across the divide to the Mohawk River, down the Mohawk to the Hudson at Troy, and then to New York. The other was, after reaching Lake Ontario, to continue down the lake to the St. Lawrence, then improve the St. Lawrence by locks and canals, with 21-foot navigation to the foot of Lake St. Francis, then across the low country in Canada to

the foot of Lake Champlain, and thence up Lake Champlain across the divide and down the Hudson.

Those two routes, so far as their commercial value is concerned, have practically the same cost—that is, for 21-foot navigation; but the route by the St. Lawrence is much longer. For that reason the one by way of Oswego and the Mohawk Valley was considered the better of the two.

Senator PENROSE. That commission has completed its labors, has it?

Mr. WISNER. That commission completed its work in 1900 and made its report. The report is already one of your documents in Congress. The waterway which was estimated for at that time was one in which it was expected that the economical carrier from the Lakes would be able to pass directly from the Great Lakes ports to the seaboard without transfer of cargo, and also at speeds which would make such transportation an economical success. In order to fix in your minds about what the capacity of that canal, estimated to cost \$200,000,000, would be, I will say that the cross section of the proposed waterway was very nearly that of the present shape of the canal at St. Clair Flats, in other words, that we would be able to pass our vessels with about the same rapidity and speed at which they handle them in that ship canal at the flats.

Senator PENROSE. What was the estimated cost?

Mr. WISNER. For a 21-foot waterway \$200,000,000.

#### ABOUT THE MAXIMUM.

In that connection I wish to say, in regard to the shipbuilding interests, that it appears to me the economical size of freight carriers for our lake system, as compared with those on the seaboard, is largely a function of the length of haul. If I remember rightly, one of our best carriers, running between a Lake Superior port and Lake Erie, will consume about ten days for a round trip, including time of passage and time of loading and unloading at terminals. Of this time, probably about seven days are consumed in running on the round trip and the other three days at the terminals. Then, for the entire season there are only about two hundred and fifteen or two hundred and twenty days when vessels are in actual commission. The rest of the time they are lying idle. The result is that if you take your fixed charges for interest and depreciation and so on and compare them with the saving which you will obtain from carrying your cargoes in a larger vessel, I am inclined to think we would reach the maximum size which is economical on our Great Lakes, even if we had deeper channels; and deeper channels than those now being proposed by the Government are prohibitive. In other words, we have reached the stage in the cost of these larger vessels where the saving in cost from larger loads is about equal to the additional cost from fixed charges, which is going on all the time.

Then, on top of that we want to remember that in our lake system the natural depth of St. Clair flats, the head of Lake Erie, the foot of Lake Huron, a large amount of the St. Lawrence River, the foot of Lake Superior, and the entrances of all our ports is less than 22 feet; and to increase navigation beyond 22 feet actual depth is going to require over 60 miles of actual waterway of artificial depths, and a portion of that will be in the open Lakes, where, in order to navigate in safety, you have to have a width of more than 300 feet, which we have where our banks are above the surface, and the result will be

that the cost of these waterways beyond those depths would be prohibitive. I am inclined to think any waterway between the Great Lakes and the seaboard need not exceed a 22-foot depth, because it stands to reason there is no need of building a deeper waterway than the navigable depths of the waterway systems which it connects.

Senator PENROSE. You think this vessel to which Mr. Livingstone referred as being the type of the largest on the Lakes is about the maximum?

Mr. WISNER. I think, when it comes down to a question of dollars and cents on the shipbuilders' part, the length of future vessels of the Lakes will not exceed 500 feet, except in unusual cases, where somebody wants to experiment. I think the *Wolvin* is one of those experiments.

#### DEEP ENOUGH FOR LAKE SHIPS.

The main point I wanted to bring out in regard to that was the fact that in Canada it has been shown beyond a question of a doubt to our Canadian friends that a less depth for a waterway than one which will accommodate the economical freight carriers of the Lakes is a waste of money to construct. New York is trying an experiment again, and I am inclined to think that the history of the Erie Canal demonstrates pretty conclusively what will be the result there. It was completed along in the sixties and enlarged down to 1880. The freight continually increased and reached a maximum in 1880, and at the present time is less than one-half of what it was, and all of this time the cost per ton-mile on the canal was much less than on the railroads.

The main trouble, it seems to me, in developing a competition by a route of that kind, as compared with the one in which the individual steamers can pass, is that in order to control the handling of freight there will have to be large companies controlling barges on the canal, and these barges, you understand, are not safe to navigate the Lakes. They have to be transferred at Buffalo, and those have got to be owned in connection with large transportation steamboat companies on the Lakes. As a result there will be the same combinations between companies and railroads as there are to-day; whereas by an individual canal, such as that proposed by our Canadian friends, and such as was investigated by the Commission we have been speaking of, there will be a waterway by which a single boat can take its bill of lading at Chicago and pass directly to the seaboard or to our Atlantic ports without transfer of cargo. In that connection I wish to say that we have here on the Great Lakes the best conditions in the United States—and they are probably as good as anywhere in the world—for assembling materials and labor for ship construction, and they can not be utilized without some means of getting these ships to the seaboard.

Now, while it is perfectly true that the trans-Atlantic ship will need a greater depth than 22 feet, which is the depth of these proposed waterways, it is also true that if these boats are constructed here and taken out light, they can be taken through such a waterway.

The CHAIRMAN. We are much obliged to you, Mr. Wisner.

The Commission will now take a recess until 3 o'clock this afternoon.

The Commission (at 11 o'clock and 45 minutes a. m.) took a recess until 3 o'clock p. m.

The Commission reassembled at the expiration of the recess.



**STATEMENT OF FRED A. BAKER.**

**Mr. PENTON.** Mr. Chairman, on behalf of the board I wish to say that the next gentleman to appear before the Commission will be the Hon. Fred A. Baker, one of the best known attorneys of Detroit, who will address it on the subject of the constitutionality of ship subsidies.

**The CHAIRMAN.** The Commission will be pleased to hear from Mr. Baker.

**Mr. BAKER.** Mr. Chairman and gentlemen of the Commission, the people of Michigan are under obligations to this Commission for the visit you are making to their jurisdiction. The history of this State shows that the people of no State in the Union are more loyal and patriotic than the people of Michigan, and none are more devoted to the general national interests. They believe that everything that can be done by Congress consistent with constitutional and business principles should be done to encourage, promote, and bring into being a merchant marine worthy of our great country.

But they are unalterably opposed, on constitutional grounds, to any direct grant from the public Treasury of a bounty or subsidy to any private interest. To their minds the taking of the money of one man under the power of taxation and giving it to another can not be justified by any resulting public good. In the exercise of the power to elect their own supreme court the people of Michigan secured the services of such distinguished jurists as Cooley, Campbell, Christiancy, and Graves, who gave the supreme court of Michigan a national reputation. While they were upon the bench the doctrine was established in this State that the power of taxation can not be used to grant an aid, bounty, or subsidy to a private enterprise. The question was last before the supreme court of this State in the beet-sugar bounty case of *Sugar Co. v. Auditor-General* (124 Mich., 674).

**A BROAD CONSTITUTIONAL PRINCIPLE.**

The doctrine enforced by the court is not based upon any special or peculiar provision of the constitution of the State, but upon the broad constitutional principle, alike declared by the constitution of every State in the Union, and by the Constitution of the United States, and as old as the Great Charter of liberties wrung from King John by the barons and people of England nearly seven hundred years ago, that no man shall be deprived of his life, liberty, or property without due process of law. I call the renewed attention of the distinguished members of this Commission to this principle of constitutional government while you are within a State where it has been authoritatively enforced and is the deliberate judgment of the whole State.

The court of appeals of the District of Columbia has reached the same conclusion. (*United States v. Carlisle*, 5 D. C. App., 138.) The Supreme Court of the United States has never held to the contrary. The question was before that court in the sugar-bounty case of *United States v. Beally Co.* (163 U. S., 427), but as a decision upon it was not necessary to a disposition of the case, the court declined to express an opinion, the question being regarded by the court as a grave and important one.

Undoubtedly in seven centuries of English and American history there have been many violations of this crowning glory of Magna

Charta, but it would be a source of great regret if the Congress of the United States, the great council of the American people, should, in the twentieth century, be guilty of violating the most fundamental principle of constitutional liberty.

I may say in this connection, gentlemen of the Commission, that the constitution of Michigan vests a general legislative authority in the State legislature. That general legislative authority is only limited by the provisions of our own constitution and the provisions of the Constitution of the United States. There are no special or peculiar provisions of the constitution of this State which limit the power of the legislature to grant a bounty or subsidy. It has the same legislative power over that subject as is possessed by the Parliament of Great Britain, with this qualification, that it can not deprive any man of his property without due process of law.

On the other hand, the Constitution of the United States does not confer general legislative authority upon Congress. It confers legislative authority over certain enumerated subjects, and it is difficult to find in the enumeration of the powers of Congress any clause under which a ship-subsidy bill could be sustained. The Supreme Court of the United States regarded it as so serious a question as to avoid deciding it in the sugar-bounty case, which arose under the act of 1890. The question came up upon the act repealing the law and providing for an adjustment of the bounties that had been earned, so that it is an open question, as I understand it, in the Supreme Court of the United States whether any such law can be sustained.

I merely desire to call the attention of the Commission to the fact that in this State it is held, upon principles that would govern the interpretation of the Constitution of the United States, that a bounty or subsidy is not valid.

The CHAIRMAN. Would it disturb you, Mr. Baker, to ask you a question?

Mr. BAKER. No, sir.

#### PIERCE AND BUCHANAN WERE OPPOSED.

The CHAIRMAN. Franklin Pierce, who was President of the United States, hailing from my own State, followed by James Buchanan, and preceded by some other very distinguished men, held that it was unconstitutional for Congress to make an appropriation for some work up here in the St. Clair Flats, and, indeed, for all the appropriations that were contemplated in those days for the improvement of our waterways.

Representative GROSVENOR. So did Mr. Monroe.

The CHAIRMAN. Yes; I say those distinguished men who preceded Buchanan and Pierce. Do you hold to that extreme view, that they were right?

Mr. BAKER. No, sir. We all remember the early controversies about the powers of the General Government to make internal improvements, but I believe they did in Jefferson's time start out and build what we know as the Cumberland road.

The CHAIRMAN. Yes.

Mr. BAKER. A great highway into the Ohio country.

The CHAIRMAN. But following Jefferson you will remember that Franklin Pierce vetoed every bill that was passed.

Mr. BAKER. Yes; there was very strong opposition to any appropriation for any such purpose on the part of certain of our public

men, but it was finally accepted by them as competent for Congress to improve a highway or a waterway and, under that power, Congress has built a canal right here within sight of us almost. Under that power the State of Michigan with the aid, I think, of the General Government built the canal at the Soo. Under that power the Federal Government can improve New York Harbor or any other harbor.

Representative GROSVENOR. Under what section of the Constitution do you say it is limited?

The CHAIRMAN. That is what I want to get at.

Representative GROSVENOR. It must be specifically given. What is it?

The CHAIRMAN. I was about to ask that question. Where do you find that power in the Constitution?

Mr. BAKER. This law was maintained under the power to establish post-roads. You have a right, the Constitution says, in substance, to establish a Post-Office Department, and it says post-roads.

#### THE CANAL A HIGHWAY.

Representative GROSVENOR. Is this canal up here a post-road?

Mr. BAKER. It is a highway; that is all.

Representative GROSVENOR. Do you think that is a post-road?

Mr. BAKER. I should think it was, most decidedly. At any rate, it is used for that purpose.

Now, when you go a step further and say you will make a grant to a private enterprise, a private person, or a corporation to use the public highway that is built with the public money, wholly or in part, you go a step beyond what is recognized in this State as a correct interpretation of the Constitution of the United States, and the majority of the people of the State are devoted to the Hamiltonian doctrine of considerable latitude in construing the implied powers of Congress. The people of this State, politically, are upon that side of the question; but at the same time there is a place where you have to draw the line, and our supreme court for the people of this State, and with their approval, declared the doctrine that when you make a grant to a private party to make use of a public utility of this kind you exceed constitutional limits; you exceed the power of Congress or of a State legislature to legislate. It is not legislation, but confiscation.

Representative GROSVENOR. Then, if you will allow me, you would build a waterway, but you would not allow anybody to use it?

Mr. BAKER. Certainly we would build it to be used by anybody who could use it.

Representative GROSVENOR. Then is not the building of it in fact a grant to the private individual to use it?

Mr. BAKER. I do not think so. You build a highway, and it is for the general public. If you grant a subsidy you have to give it to somebody.

Representative GROSVENOR. The general public are private individuals at last.

Mr. BAKER. The general public is composed of private individuals. The general public enjoys the use of the highway. In this State there is a peculiar constitutional provision which prohibits the State from engaging in any work of public improvement with certain exceptions, but even with that exception we build public highways. We build

them here in Detroit. We have built them all through the State with the grants of swamp land, and that is perfectly competent under the legislative authority. But when you go further and say that you will subsidize a stagecoach line to operate along that road, or that you will subsidize some other common carrier along that road, you pass the limit of constitutional power under the constitution of this State and the Constitution of the United States, as construed by four as good Republicans as ever stood on earth and who were committed to all of Hamilton's doctrine upon the subject of the implied powers of Congress. And, mind you, it is based upon this, that when you make such a grant you simply take the money out of the pocket of one man and put it in the pocket of another.

#### SOME SPECIFIC INSTANCES.

Representative GROSVENOR. You would consider, then, that Congress is habitually violating the Constitution, would you not?

Mr. BAKER. No, sir.

Representative GROSVENOR. Let me give you a few illustrations. Galveston had a flood, and we just gave them a great big pile of money with which to rebuild the city.

Mr. BAKER. Yes.

Representative GROSVENOR. You have no doubt that was a violation of the Constitution, have you?

Mr. BAKER. I should think it was.

Representative GROSVENOR. We gave the Louisiana Purchase Exposition \$5,000,000, and we have just loaned them \$4,600,000 and have a mortgage on their receipts.

Mr. BAKER. Yes.

Representative GROSVENOR. You have no doubt that was an entire evasion of the Constitution?

Mr. BAKER. I think it was.

Representative GROSVENOR. Now again. I am coming home to some of your friends. A railroad company carries the mail from New York by way of Washington to New Orleans, and from Kansas City to Newton, Kans.

Mr. BAKER. Yes.

Representative GROSVENOR. For fifteen years they carry it under the same law that all the rest of the railroads do, so much a mile for so many pounds in weight; but in order, as they say, to go a little faster down there, we have been giving them as high as \$170,000, and now down to \$144,000, annually as a bonus to carry the mail. You would say that was unconstitutional?

Mr. BAKER. I should think so; stated as you have stated it.

Representative GROSVENOR. I have stated exactly the facts.

Representative SPIGHT. Suppose it was stated this way: Suppose that was given them to enable them to run an extra fast mail train.

Mr. BAKER. Of course, then, they pay it for a service rendered the Government.

Representative GROSVENOR. After they had contracted to carry the mail at a certain speed?

Representative SPIGHT. Not after they had contracted, though, to run that fast mail train. That is another contract.

Mr. BAKER. That amount is paid for a specific service to the Government.

Representative SPIGHT. Yes, sir. That is not a violation of the Constitution.

Mr. BAKER. No, that is not a violation of the Constitution. We do a great many things in this country that are acquiesced in by the people.

Representative GROSVENOR. That is true.

Mr. BAKER. At one time our legislature wanted to make an appropriation of \$30,000 to help the Grand Army of the Republic to celebrate here, but we had a hard-headed citizen who was governor of the State, and he would not stand for it. He vetoed the bill. Well, it was some disappointment to us here in the city of Detroit; but I think the general public of the State approved of the conduct of that governor. You should stick to fundamental principles and not, under one pretext and another, exceed constitutional limits; and while it looks very plausible to start our merchant marine with a subsidy to help them get started, you are creating a precedent the ultimate end of which you do not know. If they are assisted, other enterprises will have to be assisted, and you will involve this Government in difficulty. As we look at it here in Michigan, we would shut down on it and would not do it, and we would accomplish the result in some other way if it is to be accomplished by Congressional action.

The CHAIRMAN. Not long ago, Mr. Baker, we had a declaration in a platform of a great political party that protection was unconstitutional. Do you hold with that?

Mr. BAKER. I have read in the old debates where it was held that when they went beyond revenue and for protective purposes it was unconstitutional. Madison himself claimed it was unconstitutional. Now, there are some things we have to accept as settled, and before Madison died, while he was President, he said the country had settled that the other way; but when you look at it—

The CHAIRMAN. But they did not change the question as to whether it was constitutional or not.

Mr. BAKER. No. It is possible, if you pass a ship-subsidy bill and the question comes before the court, as it will, that by 5 to 4 they would sustain it, but I do not think it is likely. I think when you raise the question under the present conditions a majority of the Supreme Court of the United States will not sustain a subsidy bill.

#### ARE MAIL SUBSIDIES UNCONSTITUTIONAL.

The CHAIRMAN. Mr. Baker, we had from 1847 to 1858 a mail-subsidy law that was recommended by Polk, enacted during his Administration, and continued on the statute book for eleven years. Do you think that was an unconstitutional law?

Mr. BAKER. I have not examined that specially, but I would adhere to the principle. Our supreme court said so in their last decision. They cited some such legislative precedent, and the court said that those could not be considered as settling the proper construction of the Constitution; because when you come to look at it you must look at it on principle, and the court always ought to look at it on principle in deciding a constitutional question; and a direct subsidy to private enterprise would seem to cross the line. Now, do it in some other way.

The CHAIRMAN. Here is a statute that was enacted in 1891, and it is still on the statute books. Under that we are paying mail sub-

ventions to the amount, I think, of \$988,000 a year. Have you examined that statute to find whether that comes within the scope of your criticism?

Mr. BAKER. I would not desire to express an opinion upon the validity of that statute. It may be like the mail contract, that it is so connected with the operations of the Government that it can be sustained. Congressman Lucking informs me it is for carrying the mails.

The CHAIRMAN. Yes; carrying the mails; but nobody makes the pretense that it costs even a tithe of the amount to pay for carrying the mails. Nobody makes that pretense. Congressman Lucking does not.

Mr. BAKER. To illustrate my position upon this question I might call your attention to my attitude in regard to the coal strike. Suppose conditions were such that the people of this country could not get coal except by interference on the part of Congress—not of the President, but of Congress; that they had to have some legislation under the power to maintain a postal system, under the power of the General Government to maintain a navy. The Government must necessarily be a very great consumer of coal for its own purposes. It is competent for Congress to condemn, own, and operate a coal mine. That is certain.

Representative GROSVENOR. You and David B. Hill are on the same platform.

Mr. BAKER. It seemed to me at the time—I may be wrong about it—that if Congress should pass a law authorizing the proper Department to acquire title to a coal mine or a number of coal mines in Pennsylvania or West Virginia, or anywhere it wanted them, and it had those mines and was operating them, it would be competent, it would not be an infraction of the Constitution, for the Government, when it had a large supply of coal on hand, to sell it to the people.

The CHAIRMAN. This constitutional argument interests me because I am not a lawyer, and for that reason I am going to ask you one or two more questions.

Mr. BAKER. As far as that is concerned, I have no particular faith in the legal profession on a constitutional question. [Laughter.] The truth is that in English and American history, no matter what the courts decide, ultimately the people decide what is a correct constitutional principle. The people of England have turned down the court of king's bench time after time in their great Parliament, and our court has been turned down by the people of this country in regard to some of their very important decisions because in the end the question is what the Anglo-Saxon race believes in upon these subjects. I merely call your attention to what we have had decided in Michigan, what we act upon, and what we propose to stick to, as far as I can judge, as long as we remain in the Union.

#### THE RAILWAY MAIL SUBSIDY.

The CHAIRMAN. What I wanted to elaborate a little, because you are very interesting in your discussion of this question, is this: In answer to Congressman Spight you suggested that you thought it was not unconstitutional for Congress to give a bonus or a subsidy or whatever you call it, of, I think \$140,000—was it, General?

Representative GROSVENOR. One hundred and forty-four thousand dollars now. It was \$170,000.

The CHAIRMAN. I suppose we could make it \$540,000 next year, if we chose, for expediting the mails between New York and New Orleans. Those mails are a small quantity. From Washinton they probably would not cost \$500 if they were reckoned as freight or express matter.

Mr. BAKER. Yes; but you can not get them carried through there at 50 or 60 miles an hour.

Representative GROSVENOR. They are not carried as fast there as they are between New York and Chicago.

The CHAIRMAN. And between New York and Boston. Under this act of 1891, which is a postal subvention act, as Congressman Lucking suggested, it is a pretense for carrying the mails.

Mr. LUCKING. That makes it constitutional.

The CHAIRMAN. Suppose we gave them \$5,000,000 for doing it?

Mr. LUCKING. That is in the discretion of Congress.

The CHAIRMAN. It would still be constitutional; that is, we could waste the people's money under the pretense of carrying a bundle of mail in a steamship. It might be worth 50 cents to convey it to its destination, but we could give them several million dollars for carrying it, and it would be constitutional, but it would be unconstitutional to give this same steamship line a subvention in some other form.

Representative SPIGHT. Do you not put a very extreme case, Mr. Chairman?

The CHAIRMAN. It is somewhat extreme, but I think it is a fair case.

Mr. LUCKING. One is public and the other is private.

Mr. BAKER. I would qualify that to a certain extent. The court will very generally assume that Congress acts in good faith and will assume that your contract is based upon a valuable consideration and is all right, but if it appeared to the court upon the facts connected with the subject that your action was a mere subterfuge, that you paid millions of dollars for \$10 worth of work, the court would consider it and they would be very apt to declare the law invalid; and to show how handy the Supreme Court of the United States are upon that question, out West here at one time we thought we would defeat the beef trust by requiring all meats that were sold in this State to be butchered in the State. That was the effect of it—that cattle had to be slaughtered in the State under our supervision. It was under the police power of the State to provide wholesome meat; but the Supreme Court of the United States when they came to consider that statute saw that was a mere pretext, that it was not in good faith, and they defeated the law.

#### DIFFERENTIAL DUTIES NOT UNCONSTITUTIONAL.

The CHAIRMAN. One other question. Do you hold that legislation in the line of differential duties or tonnage tax would be unconstitutional? A differential duty would halt the money before it reached the Treasury, and deprive the Government and the people of this country of just that amount of money.

Mr. BAKER. Congress undoubtedly has very great control over the tariff, and you have also some modifications of it one way and another, with your reciprocity treaties and commercial conventions, and so on. Now, if you should pass a law in favor of American built and operated vessels to the effect that there should be a certain reduction of duties

on goods that were shipped in those vessels, for my part I do not see how the Supreme Court of the United States could hold it unconstitutional.

The CHAIRMAN. Still, it would be for the benefit of private ownership.

Mr. BAKER. Not necessarily.

The CHAIRMAN. Oh, yes.

Mr. BAKER. I apprehend if you had such a reduction in the duties, it would merely secure for our merchant marine the business.

The CHAIRMAN. Yes.

Mr. BAKER. And that the people of this country, Mr. Newcome, and other importers in this city would really get the benefit of it.

The CHAIRMAN. It takes the money out of the Treasury for the benefit of those men who get the business.

Mr. BAKER. It keeps the money from going into the Treasury.

The CHAIRMAN. Precisely. But the result is the same.

Mr. BAKER. There are a great many refinements about this, and of course it is a very interesting subject. My purpose here to-day was to show you our attitude in regard to it, and what the people of Michigan think about it.

The CHAIRMAN. We are very glad you came.

#### AS TO IRRIGATION.

Representative GROSVENOR. You have made a very interesting statement, Mr. Baker. Now, I would like to put one other question to you, for I like to see a man who is not afraid to say a thing even though it may hit his party somewhere. What do you say to taking the public lands of sixteen States and Territories of this Government, putting them into the market, selling them and using the money to build dams in mountain streams, impounding the water and selling that water to private corporations for the purpose of irrigating their farm lands down in the course of the descent?

Mr. BAKER. I have never had occasion to consider that irrigation question. We generally get water enough here, and I have paid no particular attention to it.

Representative GROSVENOR. Under what clause of the Constitution would you take that money?

Mr. BAKER. It would seem at the first blush to be very difficult to point out the constitutional provision under which you could do that.

Representative GROSVENOR. I think it would be the general-welfare clause.

Mr. BAKER. Of course there is no public highway in connection with that.

Representative GROSVENOR. Not a thing in the world.

Mr. BAKER. It is just merely for the improvement of the lands of certain private owners. Of course the Government may have lands—

Representative GROSVENOR. They do. They have land also the value of which they expect to increase, but in the meantime they sell the water to private owners.

Mr. BAKER. Certainly. Well, I would say that there is a dangerous tendency in the direction of asking the assistance of the Federal Government in regard to such matters, and that Congress should go slowly and carefully, and consider whether you are not getting into an abyss upon that subject.



Representative GROSVENOR. Take, for instance, the taxing of a food product 10 cents a pound for the purpose of preventing another food product from being made in the country.

Mr. BAKER. Of course the oleomargarine laws are a little remarkable. They go a good way.

The CHAIRMAN. But they are constitutional.

Mr. BAKER. I never thought so, but the Supreme Court thinks so. I never could see why oleomargarine was not just as good a product as any other farm product.

Representative GROSVENOR. I would not have thought so if the Supreme Court had not said so.

Mr. BAKER. As I said before, I do not place implicit reliance upon any court to determine these great constitutional controversies; but I do know that after we had fought the great civil war, after the great struggle over African slavery, you made one or two amendments in the Constitution relating to that subject, but you wound up, as covering everything that grew out of that war, and solving it as it ought to be solved by our race, by the declaration that no State shall deprive any person of his life, liberty, or property except by due process of law; and it is astonishing, as we look at it now, that the civil war should have culminated in such a simple declaration of principle, first found in English history, in Magna Charta, some seven hundred years ago.

#### STATEMENT OF GEORGE BURNS.

Mr. PENTON. Mr. Chairman, the board of commerce has next named Mr. Henry C. Barter, secretary and treasurer of the International Longshoremen's Union, to appear before you, but he is not here. The next gentleman to address you is Mr. George Burns, ex-president of the trades and labor council.

The CHAIRMAN. We will be glad to hear Mr. Burns.

Mr. BURNS. Mr. Chairman and gentlemen of the Commission, I have only a few words to say upon this question. The proposition appeals to me, in the words of a distinguished citizen of the United States, as a condition and not a theory. I propose to address myself to the condition.

In my view of it, it seems to me that the industrial centers of the United States have indorsed the principle of protection. That is, I take it that the wage-earners down in Pennsylvania, one of the largest manufacturing and coal and iron producing States in the Union, have invariably returned large majorities in favor of the principle of protection. So also have the New England States. The vast majority of the people down there are industrialists. They are wage-earners. They believe in the principle of protection. It enables their employers to pay them a better scale of wages than is paid abroad; consequently they are enabled to maintain a better standard of living, or, as we say, the American standard of living, which is above that in foreign countries.

#### EXTEND PROTECTION TO SHIPPING.

If that is so, and it seems to me the conditions warrant me in making the statement that it is so, then I am in favor of extending this principle of protection to the American merchant marine, provided you extend it far enough to cover the wage-workers in that industry.

Those are the people in whom I am interested. I am a wage-earner, and I feel that in many cases the property interests are too well taken care of at the expense of the wage-earner—the producer. In other words, Mr. Chairman and gentlemen of the Commission, in my judgment there is too much legislation that has tended to make the rich richer and the poor poorer; and if this proposition to subsidize the American merchant marine should work to that end, I feel confident that the common people would rise up in their might in the end and tear it down.

I do not know what I could ask for in the name of the wage-earners in this proposed legislation. I understand that the present coastwise laws of the United States governing the merchant marine require that American bottoms shall carry crews composed entirely of American citizens. That is the law. In fact, on the Great Lakes about two-thirds of them in a good many cases come from Canada and owe allegiance to the British Crown. In the foreign trade of the merchant marine I understand the only requirement under the law is that the licensed officers of American bottoms shall be American citizens. The balance of the crew can be aliens or foreigners.

Representative GROSVENOR. You would like to be set right about that proposition, I suppose?

Mr. BURNS. Certainly.

Representative GROSVENOR. Under the navigation laws of the United States the officers of American ships must be citizens of the United States, and on all subsidized ships—that is, ships carrying the mails—50 per cent of the seamen must be American citizens. That is the limitation.

Mr. BURNS. That is the present law?

The CHAIRMAN. That is correct, Mr. Burns.

#### PROTECT AMERICAN CREWS.

Mr. BURNS. My point, Mr. Chairman, is, What, under a proposition of a subsidy to the merchant marine, could be asked for in behalf of the industrial classes employed in that industry?

As I understand the law at the present time—and the gentleman has corrected me—United States ships in the merchant marine, trading, we will say, from the Pacific coast to the Orient, unless they are subsidized to carry the mail, are only required to carry licensed officers as citizens of the United States. The balance of the crew could be composed entirely of Japanese or Chinese coolies. The point is that that system is grinding down the American seaman to the same level of living as that of the Chinese or Japanese cooly. Now, then, if we are going to extend the protecting arm of the General Government to the merchant marine in the way of financial assistance, do not lose sight of the men engaged in that industry.

The CHAIRMAN. Our present trouble there, Mr. Burns, as I understand it, is that Japan has a line of steamships subsidized to Puget Sound to the extent of \$350,000 a year, and another to San Francisco to the extent of \$650,000 a year, and they employ Orientals. Do you suppose we could go into competition with them, with the increased cost of our ships and the increased cost of operating them, we being required to have American officers, unless we have some leeway in that regard?

Mr. BURNS. Then, Mr. Chairman, and gentlemen of the Commission, it is my view that if we can not go into it with honor to the men

who produce, who do the work, who stand the risk of their lives, let us keep out of it altogether. That is the only honorable way in which we can do it. Otherwise you are doing just exactly what Mr. Baker has said—you are taking the money out of one man's pocket and putting it into the pocket of another without any fair compensation to the balance of us, and particularly to the men engaged in that employment. I was once a sailor myself, and I know what those men have to contend with.

The CHAIRMAN. And there is another phase of the matter, Mr. Burns, as regards the industrial end of it. If this Commission should prove to be wise enough—and not being a prophet I will not undertake to guess whether they will be wise enough or not—to evolve some method that would enable us to start in the shipyards of the United States the construction of ships for the foreign trade, it would do very much for the laboring man, would it not?

Mr. BURNS. It certainly would.

The CHAIRMAN. The record shows that we have not laid a keel for a vessel in an American yard, to be engaged in the foreign trade, for more than two years. If, as I say, we should prove wise enough to do something in some way that would start up our shipyards and give employment to workingmen at the American scale of wages we would do very much for the class of men whom you so ably represent, would we not?

#### DO NOT FORGET THE AMERICAN SEAMEN.

Mr. BURNS. That is one of the reasons why I concur in the principle of protection as applied to the merchant marine, in a subsidy, if you please, or in a system of differential duties, or in whatever way it may be; but I do not want you to misunderstand me. I appear here interested not in the capitalistic end of it, but in the man who works for a living. So do not forget the American seaman.

Representative GROSVENOR. Whether he be a seaman or a workman upon the building of a ship.

Mr. BURNS. Or a man working upon the building of the ship. I am only interested in the wage-earner and in having his right and interest in this matter protected.

The CHAIRMAN. I suppose you know that Congress, in its wisdom, laid that task upon this Commission, do you? It directed that not only were we to inquire as to legislation that might be desirable to develop the American merchant marine and American commerce, but also "what change or changes, if any, should be made in the existing laws relating to the treatment, comfort, and safety of seamen in order to make more attractive the seafaring calling in the American merchant service."

I will say to you that in our former hearings we have gladly invited seamen and other men representing the seamen to come before the Commission and freely state their views, and they have been given very careful consideration.

#### A RESERVE FOR THE NAVY.

Mr. BURNS. Well, gentlemen, my one idea in this proposition, which meets with my approval—and I believe it meets with the approval of the majority of wage-earners, because I think they are just as patriotic a class as we have in our country—is that the build-

ing up of a strong, vigorous merchant marine is going to be a basis from which we can draw men for a powerful American Navy.

Representative GROSVENOR. That is exactly it; and no nation, I believe, ever became powerful in war on the sea that was not powerful on the sea in its merchant marine.

Mr. BURNS. It is not necessarily so much in order to be able to wage war as it is to create a power and source from which to draw in order to prevent war.

Representative GROSVENOR. It is the same thing.

Mr. BURNS. We do not desire war or to prepare for war, but to be so prepared that nobody will attack us.

I thank you, gentlemen.

Representative HUMPHREY. Just a question. You would be in favor, then, of protection of some kind sufficient to equalize the wages paid to American sailors and foreign sailors, so as to make it possible to employ American sailors on all American vessels?

Mr. BURNS. That is my idea exactly. If you are going to extend protection, extend enough of it so that it will cover the wage-earner. Do not forget that he has an interest in it.

#### STATEMENT OF HORATIO T. MORLEY.

Mr. PENTON. Mr. Chairman and gentlemen, Mr. H. T. Morley, of Detroit, will speak to the Commission in reference to the Cuban sugar trade and foreign carriers. Mr. Morley is a well-known shipowner, having interests both on salt water and on the Great Lakes.

Mr. MORLEY. Mr. Chairman and gentlemen of the Commission, noticing among other suggestions for the advancement of American shipping the idea of giving a preferential tariff on imports when made in American bottoms, I wish to call your attention to this treatment of the trade from Cuban to American ports.

This scheme is open to all. The commodities of sugar, coal, and iron ore move in full cargo lots. The merchant, wishing to engage tonnage to move full cargo lots, consults his broker as to the market for freighting, and does not apply to a line agency to ascertain the established rate. It is open for competition to any ship seeking such business. There are always plenty of ships seeking business, or soon will be if a chance of profit offers. As an instance of the quick response of American shipping interests to an opening for profitable business, look at the oil-carrying trade from Texas ports to North Atlantic ports. Two years ago there were no steamers fitted to carry oil; now there are upward of 30 such steamers engaged in this trade, and the competition is already keen.

#### AMERICAN SHIPS IN CUBAN TRADE.

Cuba offers to-day the best opportunity for the application of the preferential tariff in aid of American ships.

We have already entered into a reciprocity treaty, and the basis is ready to extend this treaty in aid of shipping. Cuba lies at our door, and its coast is but an extension of our own coast line.

The exchange of trade between the two countries is in its beginning, and now is the time to introduce such measures into the reciprocity trade arrangements as will permit American ships to begin and their numbers increase with the demands of the trade.

Are we as a nation to give up revenue tending to build up an immense exchange of commodities and see this carrying trade diverted to foreign ships?

The importation of sugar from Cuba to United States ports, in round figures, is 1,000,000 tons (2,240 pounds) per year. On entrance to United States ports Cuban sugar pays the regular United States tariff of 1.95 cents per pound, less 20 per cent. Twenty per cent of 1.95 cents is thirty-nine one-hundredths of 1 cent, or, per ton of 2,240 pounds, the preference is \$8.736; for 1,000,000 tons at \$8.73, \$8,736,000.

Allowing for other importations from Cuba to United States, it is safe to say that the price paid by the people of the United States for the benefits of Cuban reciprocity will approximate \$10,000,000.

According to the World Almanac and Encyclopedia, 1904, the exports from the United States to Cuba during the year 1903 were \$21,769,572.

#### SHIPS ALONE FORGOTTEN.

As the scheme of Cuban reciprocity has been worked out, all agricultural and manufactured products of the United States except ships have been taken care of. The carrying trade is entirely neglected, the shipbuilders being given 25 per cent off the regular Cuban tariff on ships. This is not 25 per cent on the cost of the ship.

I do not know what the Cuban tariff is on ships entering the Cuban flag. I could not ascertain that, but it is 25 per cent of whatever the Cuban tariff may be. That does not make it 25 per cent on the cost of the ship, and the carrying trade gets nothing. There is no preference or anything to assist.

Senator PENROSE. Do you not think we ought to have restricted that reciprocity provision to goods carried in Cuban or American bottoms?

Mr. MORLEY. That I will come to later. I think it is a very important point in the shipping interest that was overlooked.

Representative GROSVENOR. It was overlooked until the very last moment, and when the proposition came before the Ways and Means Committee we thought it was too late and might jeopardize the whole bill.

Mr. MORLEY. That is not my fault, gentlemen, as I can tell you later.

The cost of carrying 1,000,000 tons of sugar from Cuba to United States ports is about \$2,000,000 per annum (average rate of freight is about \$2 per ton). Coal, iron ore, and all other commodities would safely bring the total amount of freight up to something like \$3,500,000 or \$4,000,000.

This trade is just beginning and bids fair to increase by leaps and bounds. A very small percentage is carried in American ships. Fleets of English, Norwegian, and German ships monopolize the business—a business built up by reciprocity.

Can not some preferential tariff be arranged so as to permit United States ships to enter this trade? The foreign ships in this trade are not trading direct between ports of their nationality and United States ports, and the most-favored-nation clause should not apply in this instance.

#### A PREFERENTIAL ON SUGAR.

I recommend the passage of a measure by Congress granting a reduction of duty on sugar transported from Cuban ports in American ships.

This would not only secure to American ships the sugar carrying, but also the return cargoes of coal.

I wish to say that the source of my information in regard to the tariff on sugar and in regard to the Cuban trade is the World Almanac and Encyclopedia for 1904.

The CHAIRMAN. It is unfortunate, I will say, that our commercial agreements apply to the indirect as well as the direct trade.

Mr. MORLEY. Those are questions, of course, that I am not able to handle, but you gentlemen are.

I have now given a short synopsis of the question.

Representative GROSVENOR. That is a question that is well worth following up.

Mr. MORLEY. If you gentlemen have any questions to ask me, I will be glad to answer them.

Senator PENROSE. I think you have touched on one of the most important aids to American shipping.

Mr. MORLEY. I have been engaged in that trade to a small extent, and am familiar with it.

Representative GROSVENOR. Cuba really has no ships, has she?

Mr. MORLEY. Yes, there are some ships under the Cuban flag. I do not know just what the laws of Cuba are, but I think you can get a Cuban flag by paying some duty.

Representative GROSVENOR. Yes, no doubt.

Mr. MORLEY. During the administration of Cuban affairs by the War Department I think perhaps there were some ships taken in first at a small sum. Munson, of the Munson Line, has several under the Cuban flag. Just what his status is I do not know. I have been working at this same problem for two years, and when all this reciprocity business was up before Congress I tried persistently to interest such men as Alfred Winsor, of Boston, and other gentlemen I know, by correspondence, and some I talked to; and they paid no attention to it. As I told Mr. Winsor, they were always chasing the subsidy and leaving this out. It seems to me like an outrage that this nation shall surrender \$10,000,000 in preference to Cuba and not let the ships in. Our laws never let the American ship have any preference or any advantage at all.

#### THE MATTER OF PILOTAGE.

Let me cite one instance. A steamer in which I am interested made a voyage to Cuba. When we came into New York the captain piloted the ship in, and there was no pilotage. We were under enrollment. Now, that ship clears for Cuba, and what is the result? We have to pay pilotage going out of New York, and we come into Philadelphia with sugar, and we have to pay pilotage coming in there. Why? I do not know why, except that our laws are made so that we can not have any advantage over the foreign ships.

Representative GROSVENOR. You will have to deal with the insurance companies on that question.

Mr. MORLEY. No, sir. If you will excuse me, the insurance companies do not enter that problem.

Representative GROSVENOR. They enter the committee rooms very quickly when there is a bill pending in regard to that matter.

Mr. MORLEY. My ship will come coastwise from Porto Rico, which is an American port, and go into New York, and we have no pilotage to pay. My master is his own pilot, licensed in New York, and when

he is coming coastwise under enrollment he pilots the ship in; but the minute he goes under register for a foreign country he is obliged to take a pilot and pay the pilotage. Of course I realize it is a small item.

Representative GROSVENOR. I did not understand it that way at all. I understand, and I think I must be right about it, that a ship going from New York to Charleston, to illustrate, must pay pilotage or employ a pilot.

Mr. MORLEY. No, sir.

Representative GROSVENOR. Because we have had a bill there, and fought over it for several years, to repeal the compulsory pilotage act.

Representative MINOR. The compulsory pilotage act applies only to sail vessels. Steamers do not pay pilotage.

Mr. MORLEY. It is this way, gentlemen: The Bureau of Commerce and Labor has jurisdiction of the matter, according to the inspection laws. If the master of the steamer gets what we call an ocean license, that permits him to navigate his ship at sea, but not inside of a light-ship.

Representative GROSVENOR. That is, a sail vessel?

Mr. MORLEY. No, sir; a steamer. I do not know about sailing vessels. But that master can go and get his license over those pilot grounds, and if he comes coastwise he does not have to pay pilotage. When he comes foreign, he does. That is, when we enter the foreign trade, then we are up for the pilotage. The pilotage is arranged by the local State authorities.

Senator PENROSE. That is, the amount of the fees is arranged?

Mr. MORLEY. Yes. I really do not know whether those pilots are subject to inspection by United States inspectors or not.

Representative GROSVENOR. No; they are local to the particular harbor, and subject to State authority.

Senator PENROSE. But the compulsory pilotage depends on an act of Congress.

Mr. MORLEY. No; I think it is under the control of the State authorities. In all of the ports north of Hatteras, at Hampton Roads, Baltimore, Philadelphia, New York, Boston, and other places, they do not have compulsory pilotage. At all the ports south of Hatteras they do have compulsory pilotage, and we have to pay it, I guess, whether the master has his license or not. I presume it comes under what you call police authority of the local harbor. That is a small item, however.

The CHAIRMAN. You think if we had been wise in dealing with Cuba in the reciprocal arrangements we made we would have provided that the trade between the two countries should be carried in American and Cuban bottoms. Is that it?

#### TOO LATE FOR ACTION.

Mr. MORLEY. I think something should have been done, if it is possible under our law.

Senator PENROSE. It could have been done, as I understand it, and that alone would have gone a long way toward building up a merchant marine.

Mr. MORLEY. That is what I would like to emphasize in regard to that trade. The trade to-day is almost the equal of our coastwise trade. That, however, is perhaps too broad a statement.

Representative GROSVENOR. I have no doubt that had the matter been brought to our attention it could easily have been put into the

treaty; but it was first mentioned on the House side when the bill to approve of the treaty was pending, and to have inserted it at that time, you see, would have involved a change of the treaty itself.

Senator PENROSE. The matter was overlooked by the shipping people on the Atlantic seaboard and was not called to the attention of Congress until after the bill had passed the House and was in the Senate.

Representative GROSVENOR. After the treaty had been made?

Senator PENROSE. Yes; after the treaty had been made and the ratifying act had passed the House and was in the Senate. It was then called to the attention of Congress in a quiet way.

#### STATEMENT OF J. M. MCGREGOR.

Mr. PENTON. Mr. Chairman, the next gentleman whose name has been suggested by the committee is Capt. J. M. McGregor, president of the International Pilots' Association.

I may say I have known Captain McGregor for a great many years. He has always taken an active interest, from the laboring man's standpoint, in anything pertaining to the merchant marine.

The CHAIRMAN. The Commission will be pleased to hear from Captain McGregor.

Mr. MCGREGOR. Mr. Chairman and gentlemen, my position here this afternoon is particularly in defense of the officers of steam vessels on the Great Lakes, whom I represent to the number of 3,000. I represent also 350 licensed mates, but not any masters, on the Atlantic coast. I represent also masters and pilots together in San Francisco Harbor to the number of 112. But on the question of helping the upbuilding of the merchant marine I appear particularly in the interest of the officers of the International Pilots' Association, which is a part of the American Federation of Labor.

I have been connected with labor unions for over thirty years. I was a member of the Knights of Labor before the International Pilots' Association was a part of the Federation of Labor. The same body of men have finally become a part of the Federation. Therefore I have something to say, or at any rate I desire to say something, in general upon the labor question or the labor cost of these things that we are about to enlarge or to make more of, if we do so.

#### THE LABOR COST OF SHIPS.

The labor cost of the transportation of the very material that enters into the building of steel ships, the labor cost in transporting the raw material, iron ore, from the shipping docks where it is taken, to the receiving docks where it is delivered, is less than 12 per cent of the cost, according to the rate of freight that is paid on iron ore at the present time on our Great Lakes. Therefore the labor cost in that part of the labor that includes our licensed officers is not very great.

I have been a ship carpenter for a good many years. I made my living in my early days at ship-carpentering work. As far back as 1867 I helped to build two ships here in Detroit that were the largest of their time. They were wooden vessels, and the labor cost in the building of those two ships was a little less than 33 per cent, according to the statements of Mr. J. M. Jones, in whose employ I was, who gave the labor cost on that date. I was much surprised when I saw a state-



ment of a large shipbuilder before this Commission—I think it was down in Rhode Island or somewhere in that part of the country—Mr. John Craig, of Toledo, that the labor cost in the building of a ship on the Great Lakes was 90 per cent of its total cost, and I felt it was my duty to the labor movement to come here and enter a protest against that statement.

The CHAIRMAN. What did you say it was, Captain, approximately?

Mr. MCGREGOR. In building a ship to-day?

The CHAIRMAN. Yes.

Mr. MCGREGOR. The labor cost is less than 20 per cent in the building of a ship.

The CHAIRMAN. Do you apply that figure to a modern steel vessel?

Mr. MCGREGOR. To the largest class of our steel freighters.

Representative GROSVENOR. Where do you begin the estimate of the labor cost—at what point?

Mr. MCGREGOR. In building the model and the draft and then the molds.

Representative GROSVENOR. I mean as to the steel part.

Mr. MCGREGOR. That is the construction of the ship.

Representative GROSVENOR. I understand; but do you allow anything for the labor cost of the production of the raw material?

Mr. MCGREGOR. Now, if we are going to enter into that I would be perfectly willing to go back, because I have had some experience in gathering statistics upon that very point. I have been connected with the labor bureau of Michigan, and I was deputed to do the special work of getting at the labor cost in the raw material.

Representative HUMPHREY. Commence, then, at the beginning of labor and let us see what your estimate is on a modern ship and when the labor first touches it.

#### BEGIN IN MINE AND FOREST.

Representative GROSVENOR. Commence in the mines.

The CHAIRMAN. In the mines and forests.

Mr. MCGREGOR. I base my statement upon the facts as given by the Canadian labor bureau in regard to the cost of manufacture. We have never received from the National Labor Bureau of the United States the labor cost in anything. We have asked for it time and time again, during the whole eighteen years that it has been in existence, and we have every time been thrown down and not been able to get from the Labor Bureau the labor cost in anything. We came near to it in 1894, when they gathered a lot of facts in regard to the textile industry and comparative facts between Great Britain and the United States. They also entered into the production of iron, and there was a comparative statement of cost as between the United States and Great Britain, and, as a matter of fact, as far as they went, the labor cost in a ton of steel plate, beams, bars, or rails, in the United States, under those statistics, was less in the United States than in Great Britain.

Now, the labor cost—I am not speaking of day wages, because they are the most deceptive of all wages; the wages in the United States are now 50 per cent higher than they are in Great Britain—in a ton of steel rails is less to-day in the United States, by statistical facts, if you will give them to us, than it is in Great Britain.

Representative GROSVENOR. How do you account for that if the wages are double?

## OUR LABOR-SAVING MACHINERY.

Mr. MCGREGOR. Why, we use machinery to a greater extent in all our production, which makes our labor very much more efficient than in any other country in the world. We use machinery to a greater extent, and the product that an individual turns out in the United States is greater in proportion than that of an individual in Great Britain. Therefore, the labor cost in those things in the United States is less than in any other country in the world. Those are facts that we have tried to get at. We have had to get at them principally by the Census Bureau, which is very largely a labor bureau.

The CHAIRMAN. How do you harmonize that statement with the testimony before this Commission in five American cities, that has been until this moment uncontradicted, that it costs from 50 to 65 per cent more to construct a ship in this country than in Great Britain?

Mr. MCGREGOR. I can harmonize it in no other way than that they have not obtained all the facts which can be obtained from your own statistical bureaus. Here is the statement made by the statistical bureau of the Dominion of Canada, which has only been in existence four years, that the labor cost in manufacture, straight through, is twenty-four and some hundredths per cent of the total cost. Therefore the other cost is due to some other cause.

Representative HUMPHREY. Where do they commence to estimate? Do they commence back at the ore in the mine and the timber in the forest? You do not mean to contend if they go that far back that it is only 24 per cent of the manufactured article?

Mr. MCGREGOR. I do mean to contend that, and I base my statement on facts I have gathered. I mean to state right here that the labor cost in producing a ton of iron ore, either in the Mesabi or Vermilion range, is less on the average than 25 cents per ton.

Representative HUMPHREY. What would be the cost of the raw material in an automobile or in an ordinary farm wagon?

Mr. MCGREGOR. I could not tell you that, but I can tell you more about ships, because I have had a great deal more to do with them.

Representative HUMPHREY. What is the cost of the raw material in a ship, then, commencing at the beginning?

## WHAT IS RAW MATERIAL?

Mr. MCGREGOR. The raw material in a ship will be at least 75 per cent of its total cost; that is, including profit, ready for delivery to the owner.

Representative HUMPHREY. You commence to call it the raw material, then, when you commence to build the ship?

Mr. MCGREGOR. The raw material, in one division of labor is the finished product, in and out.

Representative HUMPHREY. I understand you now.

The CHAIRMAN. That is absolutely true.

Representative HUMPHREY. So it depends on where you commence.

Mr. MCGREGOR. I commence right at the iron ore that is dug from the ground, and, as I have just stated to you, the carrying of it, the railway cost, the labor cost from the mines to the docks, can be very easily ascertained.

Representative GROSVENOR. What does the miner who is mining by the ton get?

Mr. MCGREGOR. He mines by the day, and on the average, in mines that are underground, he will have to deliver between three and four

tons, at any rate, for a day's wages. He is paid by the day. Therefore you have to divide that in order to get at the cost.

Representative GROSVENOR. Then it costs more than 25 cents a ton, the amount you stated a little while ago.

Mr. MCGREGOR. I stated in those two ranges of iron-ore production, the greatest in the world, perhaps, which are in the State of Minnesota. When Capt. Alex. McDougal, who was at the head of the American Ship Building Company for years, in Superior, tried to get the contract from the Rockefeller interests when they took over those large mines, he bound himself—and he is a man capable of backing what his contract would call for—to deliver the ore from one great mine into the cars ready for shipment at 12½ cents a ton, and they merely stated to him that if there was money in it for him there was money in it for them. This is his frank statement to half a dozen gentlemen who were talking at the time on that very question—that the reason he did not get the contract was because they wanted it themselves. He went there prepared to take it from them. They have open pits, in which they merely put a track down and run in their steam shovel and dump the ore into cars on the other side.

The CHAIRMAN. That must be an exceptional mine in that regard.

Mr. MCGREGOR. That is not so very exceptional. Many of our mines in Michigan started that way, among others the Copley mine, and the man who delivered the ore got 12½ cents a ton under contract, and yet there were three other contracts in that, which made it run up to \$2.10 a ton, that other people got out of it merely for sub-letting.

Representative GROSVENOR. How many tons of iron ore does it take to make a ton of steel?

Mr. MCGREGOR. Something less than 2, as it was estimated by the Labor Bureau. It is very little less than 2.

Representative GROSVENOR. Let us say 2 tons. You say that the cost to dig 2 tons of iron ore is 50 cents—25 cents a ton?

Mr. MCGREGOR. I said it was on those two ranges; not generally speaking.

Representative GROSVENOR. I am going to put it down on those two ranges. That is 50 cents for—

Mr. MCGREGOR. For digging enough ore to make a ton of steel.

Representative GROSVENOR. What is the cost of bringing those 2 tons of ore to Lorain?

Mr. MCGREGOR. I could not give you the railroad figures. I have not those figures. You would have them.

Representative GROSVENOR. These are Lake figures.

Mr. MCGREGOR. I will give you the Lake figures. The present rate of freight is 70 cents per ton.

Representative GROSVENOR. That is \$1.40 for the 2 tons.

Mr. MCGREGOR. Wait one moment. The labor cost in delivering that is about one-eighth, or 12 per cent.

Representative GROSVENOR. That would be 18 cents, then, on top of the \$1.40. Now, what does it cost to take those 2 tons of ore—

Mr. MCGREGOR. From there to Pittsburg?

Representative GROSVENOR. No; not to Pittsburg—to Lorain. I am stopping them right there on the lake, where they make steel out of the ore.

Mr. MCGREGOR. I can not give you the labor cost from the Vermilion Range to the docks where we receive it, but for delivering it the ship will have to pay some 20 cents, or somewhere along there. I

have forgotten just the rates that they now have to pay to deliver it on the docks. The ship has to do that, however, out of her 70 cents, so that the 70-cent cargo will cover it all.

Representative GROSVENOR. You have got a little over \$2, then, for the raw material delivered at the furnace for a ton of steel?

Mr. MCGREGOR. That is no doubt absolutely true, or so nearly true that it can be verified without any question.

Representative GROSVENOR. Then you ought to make a ton of steel for something like \$4 or \$5.

#### IN THE STEEL RAIL TRADE.

Mr. MCGREGOR. The evidence is very much in favor of that statement, because I picked up a newspaper in the month of February and read it as a piece of news that one of the independent steel companies not in the trust, in Pennsylvania, had just sold 40,000 tons of steel rails to the Canadian Pacific Railway at \$21.50 per ton.

Representative GROSVENOR. Then they made their money four times over.

Mr. MCGREGOR. That statement is borne out again. You remember that when Congressman Johnson was in the House he made the statement, as a steel manufacturer, that he could make steel rails at a profit of \$2 a ton and deliver them on the cars at Johnstown, the Cambria Works, for \$18.50. That statement is on record in Congress, and it is not disputed. Of course he was cross-questioned a good deal, because it was a political affair, and there were two political factions dealing with each other.

Representative GROSVENOR. You do not think that every time a man hears Tom Johnson say something and does not contradict him that means that he admits it? [Laughter.]

Mr. MCGREGOR. Oh, they did contradict him; but the question here for us, I think, gentlemen, is, Did they successfully contradict him? Because he was at that time one of the largest manufacturers of steel rails in the United States. As a manufacturer of steel rails, he simply took his books and showed that he paid higher wages than any other concern in the trust, and he was then a part of the steel trust. Those are facts on record. I am only stating them as I gathered them, as everyday facts, from Congress. I send to the Congressman from this district and get all those things I can get on either side, because, being in the labor movement, we can not afford to be partisans. We can only defend the matter from the labor standpoint.

Now, we contend that when labor is protected any enterprise or business that can pay the going wages that are paid to labor and stand without any other assistance should not receive any other assistance, because the consumer should have all the other benefits outside of labor getting plenty of wages to keep up the standard of living for American citizens. That is the position we take in the labor movement.

The CHAIRMAN. Where do you make the application?

Mr. MCGREGOR. We will make the application with any product. For instance, take the wages of 1902 and 1903. If they could pay those wages and could sell steel rails to foreigners for \$21.50, they ought to sell them to James J. Hill and other people for the same price.

Representative GROSVENOR. Do you not think that somebody else had better go to work and take this \$2 material and make steel rails in competition with these people?

Mr. MCGREGOR. It would be a pretty difficult matter just now for anyone, unless they had an immense amount of capital. We have it all under one head. I do not know how you would operate the plant without such an immense amount that you could hardly gather it together.

The CHAIRMAN. What capital would it require?

Mr. MCGREGOR. To start a steel mill?

The CHAIRMAN. Yes.

Mr. MCGREGOR. I could not tell you. Tom Johnson would be a better authority than I am, because he has built them and he knows. Mr. Frick, at any rate, built one estimated at \$25,000,000 that he sold last year to the steel trust. It is quite a pile of capital to gather together to start a modern steel plant.

The CHAIRMAN. It would not require \$25,000,000.

Mr. MCGREGOR. I do not know. His was well equipped—but that was the price paid by the trust to get it into their hands. At any rate that is what they did.

It occurs to me, in the way of employing more labor just now, that it might be good policy to have the same steel rails sold to our domestic trade at the price at which they would sell them to foreigners, because we would then be broadening the home market, and it would not be so necessary to go out and broaden the foreign market. I only make that appeal in the interest of labor. We have thousands, yes, hundreds of thousands, of men in the steel trade and the iron trade who are idle to-day because of a congested condition of business. We want employment for them and we want the Government in some way to aid us to get employment for them. We are not getting it, and when a day goes by and is once lost to labor, it is lost forever. You can not make up to-morrow in wages what you did not get to-day.

The CHAIRMAN. Suppose they would build ships out of that steel, would not that give employment to some?

#### SHIPS OUT OF THE STEEL.

Mr. MCGREGOR. Most assuredly; and if we would take the price that we would receive over at Collingwood, where they have a great big plant, if we would sell our steel plate at the same price in this country at which we would sell to the Canadian Pacific or to the independent manufacturer in Canada, I have an idea we might start ship-building in this country. We would certainly encourage it.

The CHAIRMAN. All the testimony before this Commission has been that the difference in the cost of construction of ships between this country and some other countries is in the vicinity of 65 per cent, and Admiral Bowles says that the steel that enters into a ship is only about 5 per cent of the total cost, so that even if sold here as cheaply as it is sold abroad it would not go very far toward equalizing conditions.

Mr. MCGREGOR. Whatever they stated, is not this the cold business fact that we did sell 40,000 tons of steel rails to the Canadian Pacific for \$21.50 and we would not sell them at home for less than \$28 and \$30? Is not that absolutely true? I am here to ask that question, because that came up before me, and I want more ships built. I want more employment for our officers, and I want our people to have the raw material at a much reduced rate, if we can afford to sell it to the foreigner at a reduced rate. I do not want the foreigner in Owen Sound to take a contract to carry our coal from our

ports to Fort William and other places at less than we carry it, because the cost of his ship is very much less, owing to the cost of the raw material being very much less. That is the way I look at it. It seems to me our American railroad man or shipbuilder should have all the advantage.

Representative GROSVENOR. You would advise Congress, then, to fix prices upon the commodities that are for sale in the country?

Mr. MCGREGOR. I would not advise Congress to fix the price. I would advise Congress to take away from anyone who can afford to have them taken away any special privileges, and to have our labor protected: That is all the advice I have to give Congress upon that matter.

Representative GROSVENOR. How would it do to fix the price of labor?

Mr. MCGREGOR. Have Congress fix the price of labor?

Representative GROSVENOR. Yes.

Mr. MCGREGOR. I wish it would, because Congress fixes the price of labor in our post-office here. It fixes the pay of letter carriers at \$1,200 a year. It is not any too much. They live nicely and comfortably on that pay.

Representative GROSVENOR. They do not think it is enough.

#### THE WAGES OF MATES.

Mr. MCGREGOR. Well, they do not get any too much; but the mates of our steamers, who have to have a license from the United States Government before they can act, and are bound by that license—and one of them is arrested down in New York now because in some way or other he violated some section of that law under the license—will get for a year's service, or for eight months' service in the year, which is all they can do, the sum of a little over \$900. That is all they can earn in the year, as a general thing, because when they come ashore unless they go to work and get a job in a livery stable or in some place where they would come into competition with one of our union men and go scabbing it, as the expression is, and work at reduced rates, they would not get a job at all. All they get is eight months' service in a vessel.

Representative GROSVENOR. They get, of course, their food?

Mr. MCGREGOR. They get their food along with it, and we will put that at 30 or 35 cents a day, if you please. Add it up and it will be \$1,000, say, for a skilled pilot of a ship carrying 7,000 tons, perhaps of ore, from one place to another on the Lakes, drawing the full depth of the water; and he has to be a skilled man or they will not have him. He has to have a master's certificate in many employments or they will not carry him as mate; and yet the most we can get, because the Government does not set the price, is \$1,000 at the most. If he worked as a letter carrier in the post-office eight hours a day—and I have worked many times without cessation thirty hours, and have then come on again and worked as long as I could stand it—he would get \$1,200 a year. There is the difference. I wish the Government would set the price, but that is socialistic. Of course we must not go too far with socialism in that direction. It is socialism that, like Franklin, the wisest statesman and the greatest philosopher of any century, I am not afraid of, and I wish our Government had adopted it more extensively.

I know, however, that this Commission has had presented to it some misrepresentation in regard to the construction of ships; and I say that by the census reports of 1890 and of 1900 there is sufficient evidence to show you that the labor cost of manufactured goods in the United States is not more than 25 per cent of the total cost to the consumer of those goods, as they are ready to be sold before they pass through any hands to give them an additional profit. Those are facts that are there in the Bureau and can be brought out any day, and they have been brought out repeatedly. I have brought them out in the State of Michigan, and they are very plain. The labor cost in a ton of anthracite coal in 1890 was 90 cents per ton, and the cost at the mouth of the mine was \$1.90 to start with to sell. The labor cost in soft coal was less. Those are cold facts, but they are there. They were gathered under the direct supervision of General Walker, who was at the head of the Census Bureau at that time.

If we discover something in our Government that contradicts some theory we have advanced, and it will bring about better results to the great majority of our people, those who work, in whom I am interested, I would like to see it adopted. For that reason, I say, we do not require a subsidy to encourage shipbuilding so much as we do a reduction in the price of raw materials used in shipbuilding, so that our American manufacturers can go on and manufacture ships, because they can beat the world if they get the raw material at a fair price.

#### FOREIGN AND AMERICAN MATERIAL.

Representative MINOR. My friend, do you know there is a provision in the tariff law which provides that any person desiring to purchase raw material at European prices may import it, and if it is used in the manufacture of articles which are exported the amount of the tariff duty is repaid to him? Did you know of that provision in the tariff law?

Mr. MCGREGOR. No; but I would not care so much for that, because our American material is superior to the English material for shipbuilding.

Representative MINOR. It is not so stated in our testimony.

Mr. MCGREGOR. I am not speaking of the steel that was found to be fraudulent under the Carnegie contracts, but I am speaking of the steel we use on the Lakes for shipbuilding. Our American steel is superior to the foreign article.

Representative MINOR. I do not know but that your judgment may be superior to all other men. I will not undertake to dispute that.

Mr. MCGREGOR. I am trying to state facts, and I call upon the different statistical bureaus to sustain me.

Representative MINOR. Let me tell you something. I put that same question to Mr. Cramp, the proprietor of the Cramp shipyards in Philadelphia. I hope you will admit he is good authority. He is a good American citizen.

Mr. MCGREGOR. I do not know that Mr. Cramp is any better authority than I am on gathering the facts of the labor cost. I would not say he is.

Representative MINOR. You are speaking about the quality of English and American steel?

Mr. MCGREGOR. Yes.

Representative MINOR. I put that question to him, and he has used thousands of tons of it, and he told me, "I have to admit, however reluctantly, that the English steel is fully equal to the American steel."

Mr. MCGREGOR. Mr. Scott, of the Union Iron and Steel Company, in San Francisco, told me differently.

Mr. PENTON. The next gentleman whose name is on the list is Hon. George A. Loud, Congressman from the Tenth Congressional district of Michigan.

Mr. LOUD. Mr. Chairman, I am here only as a listener, and not to participate in this debate.

#### SUPREME COURT AND PEOPLE.

Representative GROSVENOR. Mr. Chairman, I am going to make a statement that I intended to call to the attention of Mr. Baker when he made one of his pertinent and very interesting statements. It will be very brief. He said that the people of the United States, at last, were in the habit of overruling the Supreme Court of the United States when they thought the Supreme Court of the United States was wrong. Evidently he is a good lawyer, and he would not like to put his country in an awkward situation.

I have no knowledge—and I would be glad if there is any gentleman here who can modify my statement—of any place where or any time when the people of the United States failed implicitly to obey the Supreme Court of the United States upon any question that they finally settled, excepting perhaps one or two political questions. Mr. Jefferson, in the early days of the Constitution, wrote a letter in which he said that he would not be bound by the decision of the Supreme Court of the United States in any question affecting an Executive act. It seems at once to be a defiance of the Supreme Court; but when you come to read his reasons for it, he meant to say that in the matter of politics the executive department of the Government was independent of the Supreme Court. General Jackson repeated the same thing in very strong language; and when Mr. Lincoln came to be inaugurated President of the United States he announced the same doctrine in his inaugural address, and in stronger language than that used by Jefferson. It related to the decision of the Supreme Court in the Dred Scott case, which was purely a political question of the right to carry property into a Territory of the United States and insist that the political institutions of that Territory should conform to the wishes of the owner of the property. The Dred Scott decision had just been made. It had been denounced in the platform of the Republican party, and Lincoln insisted that he would not be governed by the Supreme Court in that respect; and in that very inaugural address he said that in all questions relating to property or to personal rights the law of the Supreme Court was the law of this country.

That is all I have to say about it.



**STATEMENT OF J. B. CORLISS, EX-REPRESENTATIVE FROM MICHIGAN.**

Mr. PENTON. Mr. Chairman, the Hon. J. B. Corliss will now address you.

Mr. CORLISS. Gentlemen of the Commission, I was invited the other day by the organization in whose rooms you are holding your meeting to make some suggestions upon the important subject under investigation. Knowing the nature of these hearings and the difficulty in arriving at a just conclusion from the testimony received, I hesitate to express my views. I want to say, however, that, in my judgment, the people of this country are in favor of rebuilding the merchant marine, not only for the purpose of extending our trade and commerce, but for the protection of our naval and military influence and power.

We hear frequently the expression that we have lost our merchant marine. The fact is referred to that sixty years ago we had great carrying power upon the seas and to-day we have little or none. That is perfectly natural, to my mind. Capital, labor, genius, and industry follow natural conditions, natural channels. In 1849 and up to that time the American people were located along the Atlantic coast, engaged in agricultural and shipping interests. We had large interests, because our capital found fruitful employment there; but the Golden Gate of California attracted our attention at that period and our people turned their attention toward the great West. In going to seek the golden nuggets they discovered a vast territory, great resources, and undeveloped prairies, and they immediately dropped the shipping interests, in which they obtained a small profit upon their money, and invested in the greater opportunities of our country. That has gone on until to-day we have developed our inland resources and industries. During this time we have subsidized many things. I appreciate the fact that every time a bill is proposed in Congress looking to the upbuilding of the merchant marine the newspapers will say it is a ship subsidy, until the people think and have thought for some time that every time such a bill is introduced it proposes a subsidy giving the people's money to a few interests. That is not true when you look at it in the moderate sense. Every time we have appropriated money for the improvement of our rivers and harbors we have issued a subsidy.

**SHIPPING'S TWIN NOW.**

There has been expended by our Government during the last fifty years from \$300,000,000 to \$400,000,000 in improving the inland waters of our country. That is a subsidy directly from the Treasury for the benefit of a small part of our country. There have been expended probably \$300,000,000 upon the waters between Buffalo and Duluth and Chicago. That is a direct appropriation of the public funds for the interest, we think, of the great general public, and yet it is limited to that interest and that community contiguous and tributary to the inland waters; and after making those improvements private enterprise has gone in, and the shipping interest upon our inland waters is ample and sufficient and profitable, and gives large employment to American labor and American seamen. We have no difficulty about the employment of foreign labor there. We have improved the

rivers, such as the Mississippi and others, and I regret personally that in some instances we have thrown the money away; but in the great majority of instances it has been beneficial to the masses of our people.

We subsidized railroads in the days following and during the war. We do not regret it. We do not condemn the act. It is commendable that we have done so. We have gone on and subsidized other great public improvements, and now the time has arrived when the American people demand a merchant marine that will carry our own products. In my judgment, it is not necessary to subsidize or to grant any concessions to ships carrying products from New York to Liverpool and similar points. We have sufficient means and ample ships for carrying our products, and we will not reduce the rate; but there are fields with which we should seek to obtain closer communion, greater trade and commerce, and in that way build up the merchant marine.

In my judgment, when the Panama Canal is completed we will be able to control, if we shall have acted wisely in the meantime, the commerce of the seas, but we should anticipate that condition by wise legislation looking to the construction of an American merchant marine under the American flag. How can it be done? In my judgment, if the treaties with Brazil and other South American republics that were adopted under Blaine's administration in the State Department had been continued to the present time, we would have had a merchant marine running between New York and Brazil and other points. That would have encouraged commerce. We know that the commerce between Brazil and our country multiplied many times during the brief three years of the existence of those treaties.

It seems to me that a treaty might be made with all of the South American republics in which provision could be made for a reduction in the tariff on the products they produce and exchange for ours, with a further condition that that duty should be granted only where the commerce is carried in an American merchant marine. To that end I think legislation should be immediately proposed and passed by Congress.

#### FOR DIFFERENTIAL DUTIES.

You must, it seems to me, in order to do away with the obnoxious feeling and impression created by the word subsidy, obtain the result in some other way, by differential duties. I think the suggestion made by the gentleman here who spoke with reference to Cuba brought out a very important point, as was suggested by Senator Penrose, and if in the legislation that was adopted with reference to Cuba it had been stipulated that that concession was made provided the products were shipped in American bottoms, under the American flag, or limiting it, if you would, to Cuba and the United States, our commerce would have been doubled. If the statement made by the gentleman is true, we have not derived any material benefit from the reciprocity treaty, having given Cuba substantially all of it.

My judgment is that Congress should endeavor to secure with South America close communion by reciprocity treaties, and in that way establish a merchant marine, not limiting it entirely, perhaps, to South America, but extending it to the Pacific Islands.

Representative GROSVENOR. If you will allow me, what would you use for reciprocity purposes? For instance, on what importation from the Argentines, we will say, would you cut down the tariff?

Mr. CORLISS. Well, I would take their hides, I would take their sugar, I would take their nuts, I would take their cocoa, and I would give them our wheat and our flour and other things they want.

Representative GROSVENOR. They have more wheat than we have.

Mr. CORLISS. They have in the Argentine Republic, but not in Brazil and not in Chile.

Representative GROSVENOR. What would you do with the Argentine wool?

Mr. CORLISS. I should not allow the Argentine wool to come in. [Laughter.] But I think there are things produced in South America that our people demand that they are willing to exchange for our products on a reduction in duty that would encourage trade. We have lost that trade. Why, the sale of flour in Brazil during the three years that the reciprocity was in existence was fabulous compared to what it has been since or ever was before. That can be restored. I am only giving this as an illustration of my views upon the matter.

I believe we must obtain a merchant marine. We must obtain it, if possible, by an indirect benefit, as we have obtained it in the commerce of the Lakes by improvement of natural ways; but we must have it even though you grant a subsidy directly.

The CHAIRMAN. You have the commerce of the Lakes largely because we have protected it by excluding foreign ships.

Mr. CORLISS. That is true, and yet you can not exclude Canadian ships. The Canadian ships run just as freely as ours through our canal as we do through theirs.

The CHAIRMAN. They do not do business, though, between American ports.

Mr. CORLISS. Not coastwise, no; nor do we with them.

The CHAIRMAN. Certainly.

Mr. CORLISS. But that protection can be secured by proper treaties that will bar out other foreign ships in dealing with a South American republic. I would extend the benefit of the merchant marine in the Pacific Ocean, where we seek new territory.

Representative GROSVENOR. We have done that. We have passed a law already to extend our coastwise laws to the Philippine Islands.

Mr. CORLISS. I am aware of that.

Representative GROSVENOR. We had a good deal of difficulty in doing it.

Mr. CORLISS. The term was extended, and I hope you will extend it again. I hope you will continue to extend it until we have a merchant marine that will hold that trade.

Representative GROSVENOR. The coastwise laws go into effect absolutely two years from this coming Friday. Heretofore the law was that until then they should not go into effect, but it did not provide that they should go into effect. Now we have it provided that in two years they shall go into effect. We had difficulty in passing that bill.

Mr. CORLISS. I understand the difficulties you had to contend with; but let me say to the Commission—and that seems to be all I might say of any benefit—that from my experience with you gentlemen, from my observation among the people here, those of our people who read and are intelligent and are not prejudiced by visions and theories are in favor of the proposition to build up an American merchant marine. How it shall be done is for you, and they will uphold any Administra-

tion that puts it into execution. You may be condemned for doing it; you may be condemned for some time after it has been accomplished, but as certain as the people uphold to-day the river and harbor improvements, they will uphold any act of Congress looking to the establishment of a merchant marine. [Applause.]

#### STATEMENT OF GEORGE H. BARBOUR.

Mr. PENTON. Mr. George H. Barbour, general manager of the Michigan Stove Company, one of the largest industries in Detroit, has just come in, and will now address you.

The CHAIRMAN. We shall be glad to hear Mr. Barbour.

Mr. BARBOUR. Gentlemen of the Commission, I do not know that I have a great deal to say.

I was rather impressed with the last words of ex-Congressman Corliss. They cover my sentiments pretty thoroughly. I have felt all along, as a business man, that something should be done on the lines of the bill presented by the late lamented Senator Hanna. This is a great country, and I believe that we ought not to be second to any nation in the world. On the question of just how to accomplish the object in view, you gentlemen are better posted than I am, but I think this country should take some action, so that we may have ships on the Atlantic Ocean that can carry this great product of ours, which is being manufactured and is growing from year to year. I want to see the American flag float over our own steamships. I want to see the mails carried in our own boats. Perhaps I am asking a good deal, but nevertheless, as an American citizen, I feel such pride in my country that I want to see our merchant marine as large as any other on the face of God's globe.

#### LET THE HELP BE SUFFICIENT.

As Congressman Corliss says, just how to accomplish it I do not know. I have not given it attention. I am too busy perhaps in my business affairs, like many others, and do many things that I ought not to do and neglect things that I ought to do; but if there is any way to bring this about, even if we have to subsidize, let us do it. I do not know how extensive the subsidies should be, but let them be sufficient to accomplish the great object in which all we business men ought certainly to feel a deep interest—of having our American merchant marine second to none in this world.

I think we ought to feel glad that you gentlemen are with us to-day, and I am sorry I have not had time to give this subject deeper thought. I am only speaking from a general feeling of what I would like to see for the good of the country. I would like to see our noble American flag floating on the masts of our own ships. Of course you gentlemen can better judge, as I say, of the necessities; but we are growing all the time, and the necessities are becoming greater and greater year by year.

I am not going to take more of your time. The hour is growing late and I know you are feeling somewhat wearied. I hope you have had present a good number of business men, and I trust you will be able to frame something that will in the future, and not at a great distance in the future, greatly improve the present condition of our merchant marine. [Applause.]

The CHAIRMAN. Unless some other gentleman desires to be heard, the hearing will now close.

Before adjourning I want to express the thanks of the Merchant Marine Commission to all the gentlemen who have appeared and expressed their views on this very important subject. We thank those who have opposed the granting of any aid, if any such have been here to-day, as much as those who have given us more direct words of cheer, because we believe that every word that has been uttered has been honest and conscientious.

The best we can promise you gentlemen in return is that, eliminating from the consideration of this great subject every political or partisan feeling, we are determined to give it our most earnest and sincere thought, in the hope that we may be able to lay the foundation for some remedial legislation. [Applause.]

The Commission (at 4 o'clock and 50 minutes p. m.) adjourned to meet in Cleveland, Ohio, June 28, 1904, at 10 o'clock a. m.

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CLEVELAND, OHIO, *June 28, 1904.*

The Commission met at 10 o'clock a. m. at the rooms of the chamber of commerce.

Present: Senators Gallinger (chairman) and Penrose and Representatives Grosvenor, Minor, Humphrey, and Spight.

### ADDRESS OF AMOS B. MCNAIRY.

*President of the Cleveland Chamber of Commerce.*

MR. MCNAIRY. Gentlemen of the Merchant Marine Commission, for two days we will have the honor of entertaining you as the guests of the Cleveland Chamber of Commerce. You are in a city of almost 500,000 people, one of the busiest and wealthiest cities of our country, the prosperity of which is founded almost solely upon water-borne commerce. Cleveland is but little more than a century old, and yet for almost a century our people have been builders of ships, and the use of our harbor by our own people dates back to the day when Moses Cleaveland pushed his boats up against the bank on the site of the city that was to bear his name.

In 1805, standing on the bluff near the foot of Water street, in this city, Gideon Granger said, "Within fifty years an extensive city will occupy these grounds, and vessels will sail directly from this port to Europe." No prophet could have made a more accurate forecast.

This Chamber of Commerce memorialized Congress last winter in favor of the passage of the bill which created this Commission. When we saw the passage of the bill and the appointment of the Commission we were instant to invite the Commission here, because here in Cleveland is where you will find an appreciation of the value of an American merchant marine, and where we hope you will also find information of value on the subject of rehabilitating the ocean-going merchant marine of our country.

I have the honor of presenting to you now the mayor of our city, Hon. Tom L. Johnson.

**ADDRESS OF TOM L. JOHNSON,***Mayor of the city of Cleveland.*

Mayor JOHNSON. Mr. Chairman and gentlemen of the Commission, it is a very pleasant duty to welcome you to Cleveland, and as the president of the Chamber of Commerce has well said, this is a city greatly interested in the examination and research you have undertaken. I hope you will have a pleasant stay here, and that you will receive aid from our leading vessel men in conducting your investigation.

I should like to add that I personally hope, as the result of the work you have undertaken, you will reach the conclusion, in which probably nobody in this room will agree with me, that the best way to help our merchant marine is to give us more freedom, less restriction; but to discuss that would be verging on a political discussion, and I will forbear.

I wish you a pleasant stay. I hope every interest that you represent will be greatly benefited, and that as a result your work in the next Congress will produce good results for the people at large.

**RESPONSE OF THE CHAIRMAN.**

The CHAIRMAN. President McNairy, in behalf of the Merchant Marine Commission, I desire to thank you, sir, for the kind words of welcome you have uttered, representing as you do a great business organization. The Commission very highly appreciates the fact that the Chamber of Commerce feels an interest in the work that it has in hand.

And, Mr. Mayor, the Commission thanks you profoundly for giving us, in behalf of the city of which you are the chief executive, a word of cheer. We knew we would be welcome to Cleveland, and we have received a royal welcome. The only difficulty on the part of some of the citizens seems to be that they want to do for us more than they find an opportunity to do.

We are not unmindful, citizens of Cleveland, of the fact that this was the home of Senator Hanna, one of the greatest men of the country, who was profoundly interested in trying to do something to rehabilitate the American merchant marine. He was the colleague of some of us present to-day, and we speak from personal and official knowledge when we say that he was a legislator of remarkable aptitude, and that he represented the great State of Ohio with distinguished ability.

It is a pleasure to us also to be permitted to meet the governor of the State, a distinguished citizen of Cleveland, who has always manifested a deep interest in the subject we have in hand.

We are not unmindful, either, of the fact that this is the home of the chairman of the Committee on Rivers and Harbors of the House of Representatives, and those of us who have of late years been engaged in legislative duties in Washington know of the great services that distinguished man—Mr. Burton—has rendered to your State, to the lake region, and to the entire country as chairman of that great committee.

**OBEYING A MANDATE.**

Now, gentlemen, we are here in obedience to a mandate of the Congress of the United States. The question of doing something to

aid American shipping on the high seas has been discussed for a long period, and various efforts have been made by way of legislation to remedy what every patriotic American citizen deplures—the decadence of the American merchant marine. After the failure of the efforts in Congress to enact statutes, it was suggested in certain quarters that it would be desirable to appoint a commission, nonpartisan, and, so far as possible, of men who were not prejudiced in behalf of any particular theory or notion, to take the matter into consideration, and to invite expressions of opinion from the business men, the shippers, the laboring men, and all classes who were interested in the question as to what might be done by way of remedial legislation.

The statute under which we are proceeding requires this Commission “to investigate and to report to the Congress on the first day of its next session what legislation, if any, is desirable for the development of the American merchant marine and American commerce, and also what change or changes, if any, should be made in existing laws relating to the treatment, comfort, and safety of seamen, in order to make more attractive the seafaring calling in the American merchant service.” The Commission is composed, as many of you know, of five members of the Senate, appointed by the President pro tempore of that body, and five members of the House of Representatives, appointed by the Speaker.

We have endeavored, gentlemen, to approach this subject in an impartial way and with our minds free to be persuaded by facts as they may be presented to us. The Commission has held meetings in four cities of the North Atlantic seaboard, and this is the third lake city in which we have held sessions. It has been a matter of great gratification to the Commission that, while we have had all kinds of views expressed to us, which we have solicited, we have been met everywhere cordially and with open arms, and that the expression from all those who have been before us, with possibly one or two exceptions, has been that they have realized the necessity of something being done in behalf of the American merchant marine.

#### SOME HARD FACTS.

We have said at other places what I will say here—that it is not necessary for us to waste any time in discussing the existing condition of things so far as the American merchant marine is concerned. We once carried in American bottoms 92½ per cent of our exports and imports. Last year we carried 8½ per cent. At the present time the United States is paying out approximately \$200,000,000 to foreign steamship lines for carrying our products to the markets of the world and returning our imports.

I was struck, in looking over a little leaflet that has been published by the proprietor or proprietors of the *Marine Review*, in this city, which contains a vast fund of information of which I trust every gentleman present will avail himself, to note that in the month of January of the present year 272 vessels passed through the Suez Canal and only one of them carried the American flag, and probably that was the yacht of some distinguished millionaire of our country.

Mr. John Barrett, our present minister to Panama, formerly our minister to Siam, and afterwards minister to Argentina, testified before the Commission that he had traveled around the world three times, once going 50,000 miles—25,000 in a direct route and 25,000 on side routes—and that he had not seen the American flag on a merchant

ship during those three trips around the world. He had seen it on a battle ship and a few yachts belonging to Americans, but he had not seen it at the masthead of an American merchant ship. Gentlemen, I say we need not waste time in discussing the existing condition of things. We all know it; we all deplore it, and we all wish something might be done to remedy it.

#### THE LAKES ABSOLUTELY PROTECTED.

One of the newspapers of Detroit yesterday had a headline saying that Senator Gallinger said he did not want information concerning the lake commerce. I did not say that. What I said was, gentlemen, that so far as the Lakes are concerned you do not need subventions or subsidies. Nature has protected you. The Congress of the United States has protected you all through the history of the Republic by excluding from the coastwise trade the vessels of foreign nations, so that you have absolute and adequate protection, so far as the coastwise trade is concerned and so far as the trade on the Great Lakes is concerned; but when we come to our foreign commerce and to our merchant marine on the deep seas the situation is entirely different, and the question that confronts us to-day is whether or not it is worth while for the American people to make some sacrifice to once more place the flag of our country in the ports of the great nations of the world. Some of us believe it is. We do not know exactly how to do it. We are here to try to gain some information on that point, and we welcome any suggestion, whether it be in the line referred to by your distinguished mayor—because that has been pressed upon us in other cities and we have given it consideration—or whether it shall be through differential duties, subsidies, or postal subventions. Those are matters upon which we seek information, and matters to which, before we make our report, we will give very careful consideration.

We do think that this great country, which leads the nations of all the world in wealth, in manufacturing, in mining, in agriculture, and in the export of domestic products, ought not to be at the foot of the list so far as her American merchant marine is concerned, where she practically is to-day.

Now, gentlemen, I need not say a word more. We appreciate the privilege that you have given us of coming here and meeting face to face men who are engaged in great business enterprises—men who, looking beyond their own environments, I feel sure are willing to lend a helping hand to those of us who are charged with the difficult and complex duty of trying to solve in some way this great national problem. We promise you an earnest effort in that direction, and we invite from you the expression of your views, whatever they may be, in the hope that, with your cooperation and the help we have already received and expect to receive in other places where the Commission will sit, at the beginning of the next Congress we may be able to formulate some plan that will lay the foundation for restoring the American flag to the ocean and of giving the United States its fair share in the conduct of its own business on the high seas.

Gentlemen, we have on our Commission a distinguished citizen of your own State, a man who is at the head of the great Committee on Merchant Marine and Fisheries of the House of Representatives, who has given much study to this question, and I want to stop right here and ask my friend General Grosvenor to say a word to the gentlemen who are assembled. [Applause.]



**REMARKS OF GENERAL GROSVENOR.**

Representative GROSVENOR. Mr. President and gentlemen, I deem it a very happy privilege to appear in my own State and in the greatest city of the State before a body of men whom I recognize as the leaders of the financial and business interests and opinions of the great State of Ohio.

I can not add anything, perhaps, to what has been said by the distinguished chairman of the Commission. I want to say this much, however. We have been occasionally met by the suggestion that we are a set of men with opinions formed, and are trying to prove that our opinions are right. I want to disclaim that suggestion distinctly and decidedly. We come to you seeking information. We come to Cleveland, among other places along the lake-board country, to get your views for our benefit, and through us for the benefit of the whole country. Some of us may have had opinions about what was the right thing to do. I have had an opinion that I was willing to do almost anything that was possible, so I have voted in the House of Representatives to report a direct-subsidy bill, the Hanna bill, and I have voted to report a number of bills which leaned or went indirectly to the same purpose. We come here, nonpartisan in our organization—or bipartisan, if you please; it does not make any difference to me what you call it—with a single purpose, and that is to get all the information we can possibly get on this important topic.

We are met with the same cry that has been going up in the United States for a great many years. Any movement made toward the benefiting of the merchant marine of the country is always branded "subsidy," and when you have a thing branded "subsidy" you have about killed it in the United States to-day. Just for a moment I want to point out how unjust and how unreasonable that feeling is. We were met with a thunderstorm of denunciation of subsidy at Detroit, and I ventured to say to the gentlemen up there what in some degree will apply here.

The CHAIRMAN. The denunciation was in the newspapers.

Representative GROSVENOR. It was all in the newspapers. Nobody said anything of the kind to us. I said that the city of Detroit owed 75 per cent of its present greatness, its beauty, its desirableness, and its business capacity to subsidies, and I say so now. Let us see what has been done.

What is a subsidy, to begin with? Subsidy, in the popular acceptance of the term, is aid by the public treasury to a business proposition. That is all there is to the term "subsidy." Now, how many subsidies are we running on? There is not a great trunk railroad that comes into this city that is not to-day receiving from the General Government a subsidy. It is true that it is sugar coated with the statement that they are carrying the mails; but how much do you think it would cost to carry the mails as freight on those railroads, if it was paid for even in the form of express matter? And all they get above that is pure and simple subsidy.

**ONE KIND OF SUBSIDY.**

But let us see further. When I first went to Congress—some people think it is a long time ago, some of them are very much agitated about the length of that period of time—I was put, in the first session, on the Committee on Rivers and Harbors, and served there for eight

years. You had a good many troubles up here on the Lakes; and think now about how you got out of those troubles. Black River was one of the points on the map and on the estimates. It had a depth of water of about 8 or 9 feet, and had a project for a little increase. Ashtabula had a little deeper water, and was a little more clamorous for aid. Then going along the coast here we had Sandusky Bay, practically barred of entrance and exit, and Toledo had a crooked channel that kept the transportation out during the night time. You were carrying your products from the upper Lakes down to the ports below in large part in vessels drawing water only sufficient to get into those harbors. The Government of the United States has improved the Lime Kiln Crossing, Grosse Pointe, the St. Clair Flats Channel, Hay Lake Channel, and other points that I might name. It has made Ashtabula Harbor 16 or 18 feet deep. I have not kept the run of it exactly. It has done the same at Lorain. It has straightened the channel in Sandusky. It has built your great breakwaters here, and some of them I have heard intimated were peculiarly subsidies. It has straightened the channel at Toledo. And what has been the consequence? You are carrying 10,000 tons of ore in a single ship, and it is all due to subsidy given by Congress to promote the commerce of the Great Lakes. You have not only had the bar of the navigation laws that has excluded competition, but you have had all this aid by Congress.

So I am sure the people of the Great Lakes, when they come to awake to the proposition, will not use the term "subsidy." I might run over the whole history of our legislation and show you wherein subsidies by the General Government are being given, even to the reclamation of the arid lands of sixteen States and Territories.

We have come to ask you to tell us what to do, and we are going to try to do it. We are not committed, as I have said, to any particular theory. I would as soon vote for discriminating duties as for a subsidy, if it can be done without violation of our treaties with foreign countries, or if we can substitute new treaties for the old. Anything that is feasible and constitutional is better to me than the absence of the American flag from the seas of the world and the condition existing at this time.

I am not here to argue further upon this point, and I do not wish to take up time. I am very glad to meet gentlemen of my own State in a nonpartisan endeavor to settle a great question of business and not of politics. [Applause.]

Mr. McNairy. Mr. Chairman, the Cleveland Chamber of Commerce has appointed a committee among its members to assist in the work you have undertaken to do. I know they will be glad to serve you to the best of their ability.

I take pleasure in introducing to you the chairman of that committee, Mr. Harvey D. Goulder.

#### STATEMENT OF HARVEY D. GOULDER.

Mr. Goulder. Mr. Chairman, I am not going to deal with the need of some help nor with the question of how miserably our foreign marine has perished. I had hoped that I would not have to say anything here, as I was chairman of the committee of arrangements, but I have been pressed into service, and without attempting to cover the

subject in detail, or even generally, I want to give you, if I may, some practical thoughts about this question as they appeal to me.

You will find that you will be met, when you convene in executive session, with this question. Here is the rich prize of \$200,000,000 of freights inviting capital, while we on the Great Lakes have a magnificent fleet, supported by what, as a rough approximation, I give as \$40,000,000 gross freights in the season or year. It will naturally be asked if we can, on the Lakes, for the annual prize of \$40,000,000 build such a magnificent fleet, why is it not open on the ocean for the greater prize, say, of even one-half of \$200,000,000 for capital to come in unaided and take advantage of that business opportunity? I think that is one of the most serious questions you have to deal with, because it lends itself so readily to specious arguments. To my mind, it is one of the most difficult propositions in this matter of extending the ocean marine, for the double reason that while you must expect unthinking, unintelligent, and even definitely unfair criticism, and so a perversion of public opinion, the practical difficulties of inducing capital to enlist in the foreign marine are, upon plain business principles, simply staggering. Without Government aid it will never be accomplished. Whether you can devise a system of Government aid which will produce the result depends upon your wisdom and the patriotism of the American people.

#### A HOME EXAMPLE.

Let me give you a home example, a sort of kindergarten object lesson. In 1892 we established here a nightly line of freight and passenger steamers between Cleveland and Buffalo. It was established by men seasoned in transportation business. Its manager, Mr. Newman, was a man of many years' experience and one of the brainiest and best men in that line of business. It was more than four years before that line could earn and pay a dividend. Why? It was not for want of capital. It was not for want of ships. It was not for want of information and knowledge of the business; but it was this: That line went into competition which, I am able to say, as I have been a director of the line since its inception, was never harsh nor even unfriendly, but it was in competition with railroad companies, which had their ramifications of agencies, their clutch upon the business all over this country, and it took more than four years to get over that primal difficulty. It was not because there was not the potential business, because after the company got on its feet—say five or six years after it started—it went on from success to greater success, and stands now as one of the representative and stable prosperous enterprises of this city and of this section. But it was so difficult to have the broker, the shipper, the ticket agent, the man east of Buffalo and west of Cleveland, and even the people in Buffalo and in Cleveland understand there was such a line, that they could have that service, that it took all those years to accomplish a success; and all this between two cities which, at the inauguration of the line, had about 300,000 inhabitants each, and with such close mutual business relations that it seems astounding that it should take so long for people to understand that there was such service and its character.

#### OUR FLEET HAS PERISHED.

We can take this as a kindergarten lesson, the application of which is this: We have allowed our foreign merchant marine to perish practically. There are the British lines, the German and the French and

other lines. I do not say anything invidiously about it, but there are those established lines; and people, not alone in far countries, but at home, understand that there are those lines, and that they may rely upon them. Every foreign consul, the Lloyd's insurance agencies, the banking interests, all those ramifications throughout the world where water-borne commerce goes, bear the same relation to a project now to be set on foot to establish a line that the ramifications of the railroad companies and their agencies did when, right here at home, between these two big cities, we undertook to establish a line.

I think it is a thing that you have to think of. I think it is one of your difficult and very difficult problems—how to so get a line or lines started as that they shall be able to bear the stress of the time during which, inevitably, people, most intelligent, most directly interested in the business, will require to understand that we have those lines and that we have the service. Simple as it may seem, I think that is even the most difficult feature of the whole problem, and you must meet it in some intelligent and adequate manner to establish a foreign marine.

#### THE COST OF SHIPS.

✓ The next difficulty is the question of the cost of ships. It is undoubtedly true, and yet with a slight qualification, that it costs more to build a ship for the foreign service in America than it does abroad. I do not agree with our brother Johnson's idea of free ships, more freedom. We have prospered under our protective system. That is the American system, and to bring in a ship is to bring in a manufactured article, and you do not further the question at all, to my mind, when you bring in free the materials for ships, because they are also manufactured articles. You will find on investigation that in those parts which go into a ship, which assemble in a shipyard for the building of a ship, there is more than 90 per cent of labor. They are manufactured articles, and you infringe the doctrine of protection when you grant that privilege. I do not think that is necessary. I remember an occasion of being at a great copper mine and found there some magnificent machinery. By casual inquiry I learned that that machinery had been designed by an engineer of the mine. Their means were unlimited, and the cost of that machinery was simply enormous as compared with the ordinary and standard type of machinery for the same purpose, because it was all made to special design.

We had this experience when a line of barges was proposed some years ago on the St. Lawrence River, which were to run between Canadian and American ports. It was thought wise, politic, to have some under the Canadian (British) flag and others under the American flag. Tenders were asked from both sides. The cost of those barges, either in England or here in our lake shipyards on the American side, did not vary materially. And the reason of it was that we applied in England to a concern which was in the habit and practice of building large numbers of barges of that kind; so we applied in America to our lake shipyards, where they were in the habit of building over and over again, week after week, month after month, year after year, vessels of that type, and we found that the difference in the cost under those circumstances was not worth talking about.

#### THERE MUST BE SPECIALIZATION.

Here is a difficulty: Go to your coast shipyard, and you find there that a yard builds to-day or this year a battle ship, and then a side-

wheel light-draft excursion steamer, and then a tug, and then something else, and then a freight steamer; and, if I am not grossly mistaken, you find the difficulty about cost lies very much—not entirely, but very much—in the proposition that they are so largely making new things upon new designs. Here on the Lakes we are building ships of a certain type. For example, there is practically only one shipyard on the Lakes which in recent years has built any large passenger steamer, and they can build a passenger steamer in that yard at Detroit cheaper than you can build her anywhere else on the Lakes. Our other yards are building ships, not of the same size, not exactly alike, but so far along common lines that they may utilize a large lot in the building of the second ship that was necessary in the building of the first ship, and we get a lower cost. It is because of this specialization.

I inquired this morning of a watch-making friend as I came down, and he found this: He showed me a watch the movement of which twenty years ago cost \$50. So has the work been specialized that, although the wages are higher, that same movement is made and sold to-day for \$20, through specialization.

My thought about this cost of building ships is that if we move our share, a reasonable share, say 50 per cent, in the foreign marine, we will build so many ships you will have such shipyards on the coast, that we can not build them here—we will try and help you out if we can, but you will have there such shipyards—so building a certain type of ship as that you will find that the cost will so reduce that the experience we had from our headquarters in Montreal will be repeated; that you will not find a material difference in the cost of building ships here and abroad.

#### THE COST OF OPERATION.

Now, another difficulty you have to deal with is the cost of operating ships. Of course I am not going to give to this Commission the detail of that. You know more about it than I, because you have heard it over and over again, but the fact stands that it does cost a great deal less on the ocean to operate the British or the Norwegian or the French or the German or Italian ship. Let us take another object lesson from the Lakes. We have built here for our commerce more ships than we can use in this depression that we have now. So I will not take the present freight rate, but take the average of four years back, and you will find the cost of moving a ton of freight 1 mile on the Lakes has not exceeded, I think, eight-tenths of a mill, which is probably one-fifth of the cheapest cost on the most favored railroad in the United States.

We are doing an enormous business. We are doing it so well that while we pay probably higher wages from the master down to the ship's boy, while we give here on the Lakes better housing, better food, better treatment than I think you will find anywhere else in the world—that is our boast, and I believe it is justifiable—nevertheless, we have and furnish the cheapest transportation known this world over. Now, why? There is no mystery about it. We have had the opportunity of doing our business truly under certain advantages that I will speak of briefly a moment later, but under the American genius for specializing, for making the most of things. We have here specialized again. For instance, we have our ships constructed so that the hatches in their distance apart conform to the loading and unloading machinery on

shore. Where there have come improvements in the loading machinery, chutes for iron ore, etc., vessels have at considerable expense changed their hatches so as to accommodate those hatches to the machinery.

So when the steam shovel was introduced for use in unloading grain from ships, they found the ships with stanchions in the hold and obstructions of all sorts. Now we have cleaned them all out and gotten our ships into such a condition that the steam shovel, in unloading, shall attain its greatest efficiency. So when we came to introducing this wonderful unloading machinery—and I will not weary you with statistics about how quickly we take out ore and coal and grain and handle package and miscellaneous freight—but when we have come to that machinery, we have conformed our ships and the holds of our ships to that kind of machinery, to get its efficiency, and we are building recently a specially designed floor or bottom in the ship, so that there need be the very least of shoveling in handling the cargo of ore or of coal or of grain.

#### AMERICAN METHODS.

We have done those things, and that we can furnish this cheap transportation, even with high wages, is no mystery. It is simply that we have had the opportunity of applying what I am proud to call American methods to the business.

If you go on land you will find the same thing. There is no country in the world where railroad employees, engineers, and others get better wages, better hours, better treatment than in this country. Indeed, we exceed them all in that. And yet you will find that, paying our American wages, pursuing our American methods of specialization, which I think seems to be the genius of our people, we carry by rail a ton of freight a mile in this country at not over one-half of the lowest cost anywhere else in the world.

It is attributable somewhat, of course, to our longer hauls in this country, but that does not explain the whole thing. It is the method with which God has endowed us of doing business over here so that we go on, we progress, and, instead of holding on to old methods which are costly, at necessary expense we adopt new methods. We do it in our railroads; we do it in our ships; we do it everywhere.

#### A MIGHTY BUSINESS.

Now, query: If we can get our share of this ocean marine—and now stop and think again. My approximation of the gross freights paid on the Lakes in a year is \$40,000,000. We ought to have one-half of the foreign carrying trade, which would be \$100,000,000. We ought to do from our seaboard in foreign trade two and a half times the enormous business we are doing on the Lakes, even if we but had half. I have heard people claim 75 per cent, but suppose it were half, two and a half times what we are doing here? Then think of what we might do in the lowering of the cost of the building of a ship, in the lowering of the cost of transportation, by just exactly and precisely those methods which we have followed here on the Lakes and which we are following all over the United States on our railroads.

Another thing I want to touch on, to show that I am not at all fearful of it, is our question of labor in operating the ships. I notice that some one spoke before this Commission yesterday requiring a law that

we should have not 50 but 100 per cent of our employees in the foreign trade American citizens. All I have to say about that is that claims are made by capital and by labor which are idealistic and radical; and I remind you of the idealization of Mrs. Wiggs of the Cabbage Patch in the book and of the fact that Mrs. Wiggs in the flesh threw dish-water on some visitors who came to her. It will not do to idealize on those questions. It is a thing to be taken hold of fairly and conservatively and dealt with wisely, and you will not find that the labor and the labor interests of this country are averse to fair, reasonable treatment.

THE LAKE TRADE LONG PROTECTED.

Another word and I have done. It is said publicly, and I notice it in the newspapers frequently, that here on the Lakes we have not had protection. Well, we have to the fullest extent. We have had it by our navigation laws. It has built us up the monopoly of our coasting trade. We went far, far ahead of Canada in our lake coasting trade, until their commerce bore the relation of about 2 per cent with ours out of 100 per cent; but now we find that Canada, by reason of the great development of her resources, is growing up commendably, wonderfully, splendidly, coming up under just exactly such a system as we have on this side. We are not jealous and we are not envious. We bid them godspeed. We have been carrying ore and coal and grain, all things that have been protected; and, as General Grosvenor well said, it is due to our economic system.

I lay aside the question whether under free trade or some other system we might have done better; but under our economic system of protection all these great cities of the Lakes have grown up. A majority of us out here believe in protection. It has built this city; and you go down from here to Pittsburg and go down the Mahoning Valley, you go down the Shenango Valley, and you will find railroads down there in places with twelve tracks abreast, all filled with cars loaded with ore and coal and coke, that are waiting, trying to thrust themselves into some city or some mill; and the result of our economic system, wise or unwise, is such that the cities have grown, the places of work, of labor have grown so in this country that it is a startling fact that in ten years the mile service of a railroad freight car has been reduced almost one-third, simply from lack of the ability at terminals to take care of all the stuff that has got to move.

I say to you, gentlemen of the Commission, let no man be afraid. Let no man be in fear of offending this happy section of the country by extending, conservatively, wisely, as it is given to human wisdom, the beneficent aid of protection to our foreign merchant marine.

GOVERNMENT AID INDISPENSABLE.

Now comes the question how to do it. By what means? By subsidy or by discriminating duty? Let me say as I close that, aside from the complication of treaties, I never could see the difference between collecting a duty and using it wisely in aid of shipping and the other course of deducting that duty and never getting it; and so I can not see the difference between discriminating duty and subsidy at all, laying aside your complications. It is my judgment that some form or Government aid is not only necessary but indispensable to the establishment—it may not be too much to say the inauguration—of

this mighty industry, which then will, in the face of natural obstacles and the artificial aid to other merchant marines, grow into the self-sustaining strength of the oak, requiring no more assistance, if it may so be called, than we with general acclaim give to our railroads in the splendid postal service upon which we feel that so much of our prosperity and happiness depends.

How to do it, however, I do not propose to discuss, because when this Commission shall have brought together the results of its inquiries, you will know ten times more than I ever expect to know of this subject until I read the report of the Commission. [Applause.]

Mr. Chairman, I now have the privilege to introduce Governor Herrick, of Ohio.

### STATEMENT OF MYRON T. HERRICK.

Governor HERRICK. Gentlemen, in the inauguration of a great system such as the merchant marine, the people of the country must be consulted. The establishment of the great American protective system is an example of the exhaustive education required before the people are willing to allow the expression of their approval to be placed upon the statute books. Ohio was foremost in that great campaign of education which extended from the National Congress to the schoolhouse debates. The same process is under way in the procurement of the merchant marine. Fifty years ago, in the days of the wooden ship, we had a merchant marine. It was the possession of iron, coal, and funded wealth, aided by Government subsidies, which enabled England to take our maritime commerce from us, and that gave her the empire of the seas. How long England or Germany may hold the supremacy of the ocean against a country that has the means of putting 2 tons of iron shipping afloat to either of their one, and one which has a larger coast line than the four chief maritime nations of Europe, depends now upon the action of Congress on the question of ship subsidy, in my opinion, for that alone is all that prevents our successful competition with the merchant marine of the Old World. We have an example of Government aid in the merchant marine of the Great Lakes, the success of which has been so thoroughly demonstrated. As General Grosvenor has said, the word "subsidy" has been so used as to fill the people with the apprehension lest it be something relating to jobs, or of advantage to some particular interest. This will naturally disappear when the whole question is talked out and understood.

### IN THE OHIO CAMPAIGN.

Ship subsidy played a large part in our last campaign, and the manner in which it was received by the people has a bearing upon this investigation which you are making, since you desire to ascertain the feeling of the people upon this subject. The debate was carried on throughout this State before audiences of workingmen, manufacturers, farmers, and business men. Senator Hanna presented the subject in his forcible way, and there were expressions of universal approval of his argument in every audience, and the majorities given in the campaign last fall may be accepted as an indication that the



people of Ohio are ready to approve the action of Congress in the establishment of a merchant marine by the voting of the necessary subsidy to permit of successful competition with foreign nations.

#### FREIGHTS TO FOREIGN SHIPS.

One of the most potent arguments is the large sum of money which we pay in the way of freights, and which goes into foreign banks. This has a tremendous effect upon the exchanges of this country. These large sums, which year after year go to Europe, should be retained in this country in employing our labor and in adding to our resources. I do not at the moment recollect the figures, but you have them before you.

The CHAIRMAN. About \$200,000,000 annually.

Governor HERRICK. About \$200,000,000.

#### USE OF SUBSIDIES.

This argument alone is almost sufficient for the passage by the House of Representatives of that bill which passed the Senate last winter.

Representative GROSVENOR. That bill would have cost the Treasury, in the ten years of the life of the bill, about one-fourth of the amount of money that we pay annually for freights to foreign ships.

Governor HERRICK. Yes; we already have a subsidy of the American Line, in the carrying of the mails. We had an opportunity during the Spanish war to test the wisdom of the old law which permitted the conversion of those ships into ships of war, and those vessels played a most important part at that time. Lincoln said, "When we sell an article abroad, we part with the article which we sell and we receive the money. If we sell that article at home, we have that article and the money also."

I believe that the argument made last winter in the National Congress demonstrated beyond doubt that it is impossible for us to establish a merchant marine in the face of the subsidies which are paid by foreign governments.

The CHAIRMAN. On that point, Governor, if you will excuse me, we interrogated in Boston some of the leading bankers of that city, asking them if, under existing conditions, they had any money to put in American ships in the foreign trade. They all said, "Not a dollar. If you will equalize conditions in some way you can get plenty of capital."

#### WHERE SHIPS ARE PROTECTED.

Governor HERRICK. Our trust companies take the bonds of the lake ships, and our citizens are ever ready to invest in them; and this is not on the ground of patriotism; but it is because of the aid that the Government has given the lake shipping, and the protection afforded, that they are excellent investments. I see here the president of one trust company whom I know has advanced several millions of dollars on the bonds of these vessels, and that he has found them a profitable investment for his company. When it is proposed to build a fleet or a single vessel here there is no difficulty in placing the securities in this section—I mean by that, Chicago and the lake districts.

## A VICTORIOUS ISSUE.

I think, gentlemen, that you need spend no more time in Ohio in order to find expression of the approval of its people on this subject. We believe in a protective tariff. We believe that a merchant marine is an essential part of that great industrial system, and that the same rules that applied to that apply also to the merchant marine.

I am satisfied that when the people of other States, however far removed they may be from the seaboard—for that really does not alter the case—understand our relation to other nations upon this subject and the benefits that will accrue to us, they will not only acquiesce but that they will demand a merchant marine.

I thank you, gentlemen. [Applause.]

## STATEMENT OF CHARLES L. PACK.

Mr. GOULDER. Mr. Chairman, in introducing the next speaker I will say that you may give great weight to what he may say on this subject, as he is the best informed man in forestry in the United States. He is also a man of large affairs here in our financial institutions and in the timber interests of this country.

I take pleasure in introducing Mr. Charles L. Pack, the former president of the Cleveland Chamber of Commerce.

Mr. PACK. Gentlemen of the Commission, my friend, Mr. Goulder, always has the faculty of flattering me, a fact which I hope you will take into consideration.

Our governor has referred to the fact that our financial institutions are willing to invest in bonds on the floating property on the Great Lakes. I take it that American capital is always willing to invest in great enterprises when they are profitable. When they are not profitable, capital is not willing to invest. It has been thoroughly demonstrated that the working of ships on the Great Lakes is profitable, and we all know very well that it is exceedingly unprofitable in most cases for American bottoms on the ocean.

Some people have thought it might be difficult, even were it made tolerably profitable, to get the people generally in this country interested in the financial side of a merchant marine. I am glad that our governor referred to the purchases of bonds by Cleveland banking institutions. Recently, within a few weeks, a trust company, of which Mr. Morris is the president, purchased \$1,800,000 of bonds, which is no unusual amount, on a number of boats on the Great Lakes; but the point to which I want to call attention is that the trust company no longer owns the great majority of those bonds, but they have been distributed and are owned to-day by hundreds of people in Ohio and Michigan, which shows that the rank and file of the people, not the rich people, not the capitalists, but the everyday man who has some savings, is perfectly willing, if he feels sure of his interest, to invest in floating property.

## THE SOUTHERN LUMBER TRADE.

Mr. Goulder has very ably expressed to you some thoughts which I had in my mind, and I will not impose upon you by repetition. My

chief interest is not as an owner of ships. I know very little about it, but I and my father and my grandfather and my great grandfather have been lumbermen, starting in Maine, lumbering in the North, on the Pacific coast, and in the southern States; and recently my attention has been more particularly called to the export lumber business from the Gulf ports. Most of you know that the region of greatest lumber production in the whole country is the southern States. The production of lumber there in 1903 was over 10,000,000,000 feet, which is an enormous quantity. If this southern lumber alone were loaded on cars, with the normal load to a car, the train would extend all the way from New York to San Francisco.

About one-tenth of that lumber is exported. About 1,000,000,000 feet were exported in 1903, and the export trade from the southern ports has been the safeguard of the lumber business in the South for the last twenty-years, for the reason that it has taken a good deal of production that we could not well use at home, and the foreign demand has often been good when our demand at home was very poor.

This export business is very much handicapped because it has to be done to a large extent in tramp steamers. That 1,000,000,000 feet of lumber goes to a very large portion of the world. Last year the exports from the southern States went to over 150 different foreign ports in Europe, in Asia, as far east as the Straits Settlements, and to both coasts of Africa, and the export would have been very much increased if we had had line steamers running from the southern ports rather than having to depend on occasional tramps, as we could pick them up. It often happens that at times we can get more steamers than we have need of, and then there will be weeks and sometimes even months when it is very difficult to get sufficient tonnage to fill the orders. Oftentimes orders are canceled for lack of regular shipping facilities.

It has seemed to me, gentlemen, that if you can devise some plan, by subsidy or by differential tariff or, as has always seemed to me perhaps the best, a premium on exports carried in American bottoms, you will very much benefit the southern lumber trade.

Representative GROSVENOR. That, if you will allow me, would be a very plain violation of one of the provisions of the Constitution.

Mr. PACK. I suppose it would be. I mentioned it, hoping you would bring that up.

The CHAIRMAN. It would be a very simple remedy if we could do it.

Mr. PACK. Somebody here wants to know what the Constitution is among friends. [Laughter.]

Representative GROSVENOR. It is not always an obstruction.

#### DO NOT FORGET THE SAILING VESSELS.

Mr. PACK. I hope, gentlemen of the Commission, that you will devise some way to benefit the regular line steamer, but do not forget the sailing vessel. It has been my observation in the southern Gulf ports that the American sailor, so far as he is made, is made on the small boat and on the sailing steamer; and in any scheme you may devise to establish large lines of steamers, and make it possible for them to run to South America, Europe, and other parts of the world, I think you should have in mind—I hope you will, at least—the little fellows.

The same thing is true, as I presume you gentlemen have learned, on the Pacific coast. The great amount of lumber that is shipped

from Oregon, Washington, and California has to largely go in stray steamers; and if we could have it in regular line boats, as we could have with even a small subsidy to American bottoms, it would be a vast help to a very large number of people.

As Mr. Goulder has so aptly covered some things I expected to speak of, I will not detain you longer. I thank you very much. [Applause.]

#### STATEMENT OF C. A. GRASSELLI.

Mr. GOULDER. I have pleasure in introducing to you now Mr. C. A. Grasselli, president of the Grasselli Chemical Company, which has ramifications throughout the world.

Mr. GRASSELLI. Gentlemen, statistics show that in 1861 American ships carried 65 per cent of our foreign commerce and in 1903 they carried less than 8 per cent. In January, 1904, out of 292 steamships that passed through the Suez Canal only one carried the American flag. Comparing the commerce, the products of industry, and agricultural products of the United States of 1861 with 1903 the growth is marvelous. When we compare our exports of 1861 with 1903 it is equally marvelous, as our present foreign trade represents the stupendous sum of one and one-half billions of dollars.

Now, when we consider that in the month of January, 1904, only one steamship out of a total of 292 passing through the Suez Canal carried the American flag, and that during 1903 not one American ship cleared from any port in Austria-Hungary, Denmark, Germany, Greece, Italy, the Netherlands, Norway, Russia, Sweden, or Turkey, it clearly indicates that our merchant marine has not kept pace with the general growth of this country.

Foreign countries have for years regarded as a matter of the greatest importance to their interests adequate facilities for reaching foreign markets by providing suitable and growing facilities for dealing with this question. This is indicated by the enormous development in the merchant marine of England, Germany, France, and other countries; and when it is borne in mind that the United States has left all the foreign countries far in the rear in almost every other respect it is deplorable, indeed, to note that instead of progressing in our merchant marine we have retrograded. The foreign countries have a magnificent array of steamship lines regularly traversing all parts of the world, which carried in 1903, 92 per cent of our foreign trade, for which this country paid to the foreign countries \$185,000,000, and at the same time giving employment to foreign enterprise, to foreign labor, and to foreign capital.

#### NO LINES TO SOUTH AMERICA.

Furthermore, bear in mind that in order to make shipments to South American ports, with some few exceptions, Americans are compelled to forward the goods to some European port from which it is sent on to South America. The handicap to American industry becomes a very serious question, and when it is considered that foreign steamship lines are owned and controlled by corporations favorable to the countries to whom they belong, and interested in their exports and in their own products, they do not give to the export of the American product the same careful handling and consideration that they naturally do their own; this resulting in the American goods arriving in more or less damaged condition, due to repeated

and careless handling, thus causing another serious obstacle in our export business. Besides, with our own flag flying over her, the American ship, in a sense an extension of our own territory, and with her own officers, entering into foreign countries, brings us in physical contact with these countries, insuring our exports in reaching their destination.

When it is considered that the production of the United States far exceeds its own consumption, it, therefore, is necessary that we find markets and export this difference. Otherwise we will suffer the consequences of a stagnant market, the closing down of our mills and factories, and throwing out of employment vast numbers of laborers, hundreds of thousands of whom have come to our shores and are receiving American wages, which are the most remunerative received anywhere in the world. Therefore, anything and everything that can be done to give employment to the greater number is of vital interest to this country.

#### WHAT OTHER NATIONS DO.

Let us for a moment consider what other foreign maritime powers are doing.

Firstly. Under present conditions they are building steamships cheaper than they can be built in this country.

Secondly. They are manning and officering their steamships for very much less than it costs to man and officer an American ship.

And it is therefore due to wise administration and the enactment of adequate laws that makes this condition in the United States possible. If our wage-earners are enjoying better pay than any other nation of the world (and God grant there may be no change in regard to this wise policy) how can it be expected that our workmen would work for one-half or one-third less than they are receiving for the sake of taking employment in our merchant marine? As labor enters so largely into this question it is a factor that must be dealt with, as it affects the construction of the steamship and the operation of the same. Therefore, there are three important factors in this question:

Firstly. The greater cost to build steamships in this country.

Secondly. The additional cost of operation.

Thirdly. They are subsidized annually, if my information is correct, about as follows:

Great Britain aids its shipping interests by annual payments of over..	\$6,000,000
France to the extent of over.....	7,000,000
Germany pays over.....	2,000,000
Austria-Hungary about.....	1,724,000
Spain, last year.....	1,629,000
Japan expended in like manner.....	3,492,000
The United States paid altogether.....	988,000

and these subsidies in countries where the wage scale is about on a parity, but far below what it is in the United States. So, therefore, in order to compete conditions ought to be the same. The conditions, however, are far different; protection gives protection to our American wage-earners, which enables the American breadwinner to earn a higher rate of pay than is enjoyed by his fellow-workman in any part of the world.

Thirdly. The subsidies given by foreign countries to their shipping.

And consequently these discrepancies will have to be met in some way before any material progress can be made.

Therefore, gentlemen of the Merchant Marine Commission, it is for you to determine how this can be done. And I do most sincerely hope that you will be able to lay before the next Congress a solution of this great question, in order that it may decide and place the United States in the first rank as a maritime power.

#### A BRITISH EXAMPLE.

I should like to say, gentlemen, that I was in England a few years ago, at the time the International Marine Company was organized in this country, and it sent a tremor throughout the shipping interests of the world. The Leyland Line, the White Star Line, and other British lines, which before that had enjoyed the supremacy of the seas, were merged into the International Marine. The owners of the Cunard Line saw their opportunity and went to the British Government with propositions based upon the fact that they had not merged into the International Marine, but were loyal to Great Britain; that the necessity existed for them to build two monstrous steamships to cope with the other steamships afloat, operated by the German lines and others, but that they needed some help, and they asked without any hesitation for \$10,000,000, on which they offered to pay 2½ per cent, and to receive as a subsidy, to help them run the boats after they got them finished, \$750,000 a year.

Capital is the first thing you must have to build a steamship. If you should go to an American capitalist and say, "Here, you put \$10,000,000 into two such ships as the Cunard Line has built and run them, and you will have to run them against the two ships of the Cunard Line, which are receiving \$750,000 a year and getting that \$10,000,000 at 2½ per cent," I do not know how you could induce him to go into the enterprise except through patriotism.

I hope, gentlemen, you will find a way to accomplish the object that is so much desired, but in order that it may succeed do not impose any more restrictions than are necessary.

I thank you very much.

#### STATEMENT OF A. S. UPSON.

Mr. GOULDER. I have pleasure now in introducing Mr. A. S. Upson, the president of the Upson Nut and Bolt Company, of Cleveland, who has had much experience in foreign shipping matters.

The CHAIRMAN. The Commission will be pleased to hear from Mr. Upson.

Mr. UPSON. Mr. Chairman and gentlemen, I will detain you but a moment. I want to call your attention very briefly to the fact that a few years since we saw the necessity of increasing our export business, and I concluded that I would take some observations in South America. I found on investigation that in order to get there with any comfort and within a reasonable time I must go by way of England. I found in England two lines of steamers, subsidized by the English Government, being paid liberally for carrying the mail. The two lines ran alternately, so that a fast steamer sailed every week alternately from Southampton and from Liverpool.

On reaching South America I found English, German, Italian, and French steamers touching semimonthly at nearly all the principal

ports, bringing up in Argentina, at the city of Buenos Ayres. In the harbor of Buenos Ayres were many hundreds of ships from all nations, and they have there the finest docks in the world, except possibly at Liverpool. This will give you some idea of the immensity of the shipping arriving at that point.

I learned, on trying to canvass the trade to see what we could do with American goods, that the greatest obstacle to our selling goods was, first, the difference in exchange of about 2 per cent between New York and Liverpool or London. I found also that it was almost an impossibility to expect to get business there on account of the very slow facilities for transportation.

#### NOTHING BUT SLOW, UNCERTAIN "TRAMPS."

There were nothing but tramp steamers running between New York and South American ports at that time. These were advertised to leave on perhaps the 1st or the 10th of the month, and they would sail any time within a week or two weeks later, very seldom sailing at the time advertised, while the mail steamers to other countries were all running on regular schedule time, semimonthly, excepting to England, where they were running weekly, and the merchants said that in consequence of the very slow facilities for getting freight and mail to the United States there would be very little use in their trying to do business with the United States. They always knew when they could mail letters to Europe or England, particularly, and when they could get their replies, as there were steamers going on regular schedule time, while letters sent to the United States would be a month or six weeks en route. In fact, if they wanted to expedite either letters or merchandise they sent them by way of England.

Representative GROSVENOR. Mr. Upson, if it does not interrupt your line of thought, do you believe that if a line of fine steamers should be inaugurated from New York to Buenos Ayres it would divert to the United States a large or a considerable part of the business that now goes to Europe?

Mr. UPSON. I think it would, for this reason: If we had a regular line of good, first-class, speedy steamers, carrying the mails regularly from New York to Buenos Ayres and intermediate ports semimonthly, so that the people of the United States and the people of Argentina and other countries could know that they could get their goods and their mail forwarded promptly, I believe the business would grow very rapidly. I think a great many of our Americans who now visit Europe would take trips to South America, partly as a matter of recreation and partly as a matter of business, and the results would be very great.

I discovered, on visiting the west coast of South America, that there were good steamers running about every two weeks from all the principal ports to the Isthmus of Panama, and we had a very good line of steamers from Colon to New York, so that the western coast was much more promptly approachable than the eastern coast. The sale of American goods on the western coast is much in excess of that on the eastern coast, but the amount of goods that we purchase from the western coast is very much less than that purchased from the eastern coast. We buy from Uruguay, Argentina, and Brazil very largely of coffee, hides, wool, and many other commodities.

## A GOOD AMERICAN LINE NEEDED.

The remedy I am hardly prepared to suggest, but it seems to me that a line of fast steamers from New York to the city of Buenos Ayres, stopping at intermediate ports, would compensate the United States for paying them liberally to carry the mails, and you may call it subsidy or whatever you choose.

The CHAIRMAN. We might employ the British term "mail subvention" if "subsidy" is a little offensive.

Mr. UPSON. Yes; anything to get it. I do not know of anything further I can add. If there are any further questions, I would be pleased to answer them if I can.

The CHAIRMAN. I will say that Hon. John Barrett, our late minister to the Argentine Republic, laid great stress before the Commission on the necessity of a line of steamers to the points you suggest, saying that, in his opinion, it would greatly develop the commerce of the United States with those countries. I take it you share the same opinion.

Mr. UPSON. I do. I think it is an absolute necessity, in order to get up any large business with South America, to have a line of steamers going regularly at stated times, which should not be less than twice a month. There would be an enormous amount of freight coming this way, so that there is no need of ships coming back without all the freight they can carry, and I think it would soon result in a large business the other way.

The CHAIRMAN. He illustrated the existing situation by calling attention to the fact that when he was ordered to this country he had to go in a foreign steamer to a European port, and reship from there.

Mr. UPSON. That is right. We can go that way not only quicker, but much more comfortably. In fact, it is far from desirable to take a trip to South America on those tramp ships direct.

I thank you, gentlemen.

## STATEMENT OF JAMES C. WALLACE.

Mr. James C. Wallace appeared before the Commission.

The CHAIRMAN. Mr. Wallace, in what business are you engaged?

Mr. WALLACE. The American Ship Building Company, building ships here on the Lakes.

The CHAIRMAN. Mr. Wallace, the Commission will be much pleased to have you express your views.

Mr. WALLACE. Mr. Chairman, I firmly believe the time has arrived when something must be done to restore our foreign shipping, or rather our ships to carry foreign goods. I do not think it is necessary to aid the shipping on the Lakes. I think it has been thoroughly demonstrated by everybody who has addressed you here, and presented before the Commission by people in other cities, that the Lakes do not need anything of that kind.

## AMERICAN STEEL MILLS FAVOR FOREIGNERS.

I can not quite agree, however, with Mr. Goulder in his statement that anything that you might do in the shape of subsidy will help American shipbuilders. Unless it is a very heavy subsidy it will not, under existing conditions, help them to any great extent, for this



reason: Recently one of our largest steel mills sold abroad 100,000 tons of steel plate. They delivered it, I understand, at Belfast, at \$24 a ton. That would practically mean, with ocean rates as they are, \$22 a ton at tide water. They are charging us to-day, at Pittsburgh, \$32 a ton. A differential of \$10 in a ship carrying 5,000 tons is \$50,000. That is the shipbuilder's profit.

In regard to the labor question, while I think we pay here for skilled labor almost double what they pay abroad, I do not think we use anywhere near as much of skilled labor as they do, owing to our employment of pneumatic tools and other tools, in the use of which I think we far exceed foreign shipbuilders.

About four years ago our company took a contract from the American Navigation Company for the building here on the Lakes of two 7,000-ton ocean ships. We built them here in Cleveland, cut them in two, took them through the canals, and put them together at Quebec. We took the contract at a price about equal to the price for which they could be built in England at that time. Steel was then very much lower than it is to-day. The steel pools had not been formed.

The CHAIRMAN. It was higher in England and lower here at that time, was it not?

Mr. WALLACE. Yes, than it is to-day; but I mean the differential was not anywhere near as great as it is now.

#### THE MINNETONKA AND MINNEWASKA.

We got those ships down to the coast, and they continued in operation practically ever since until about three months ago. They made trips to Liverpool, around to San Francisco, and to the Orient, and the result is that after practically four years' operation the ships are \$90,000 worse off than they were when they started. That is due, of course, to a great many conditions. One of the principal conditions, I think, is the cost of operation. As an illustration, we got the ships completed at Quebec, and we had a large, nice, beautiful room for the engineer. We intended also to put the second engineer into that room. When the engineer, quite a bulky sort of a rooster, came aboard, he said, "Well, I can't sleep in that room. You will have to divide it off. I can't sleep with my second engineer." They do not do that on any of the foreign ships. The chief engineer on most foreign boats has about an 8 by 10 room, with usually one or two bunks in it, and he is glad to get that. In fact, in very many cases they bring their own bedding aboard.

Then, again, in provisioning the ships the captain will furnish his crew for so much and furnish his own provisions. We can not do anything of that kind here.

Senator PENROSE. For what line were these ships built?

Mr. WALLACE. The American Navigation Company, organized here on the Lakes. Some people in New York were also interested in them, as well as some people in San Francisco.

Senator PENROSE. Where did they run?

Mr. WALLACE. They were tramp ships and went wherever they could get a cargo. They had no definite line.

#### THE PHILIPPINE COASTWISE LAW.

I think Congress made one good move and got something started in the right direction when they took up the question of limiting the

Philippine trade to American ships. The only trouble is they did not start it soon enough. They put it off so far that we are not going to see the results of it quick enough.

Representative GROSVENOR. May I interrupt you a moment?

Mr. WALLACE. Certainly.

Representative GROSVENOR. Two years ago Congress fixed this coming 1st day of July as the point of time when the navigation laws should go into effect; that is, inferentially that was the purpose as to the Philippines.

Mr. WALLACE. Yes, sir.

Representative GROSVENOR. But no step was taken by any steamship company in the United States to organize a direct line to carry that freight, and there was about \$12,000,000 or \$13,000,000 worth of hemp alone that had to come. So Congress, having waited until the law was about to take effect, and as there was really some doubt whether on the 1st of July the navigation laws would go into effect, put it off two years, with the hope that somebody would go to work and get ready to do that business. Now it is all open. The law is imperative that two years from this coming Friday our navigation laws shall go into effect and protect the American ship in the whole of that business. It remains to be seen whether the American ship is going to be ready for that business when the time comes.

Mr. WALLACE. At the present time, I think, there are something like 18 American ships lying up in the harbor of New York, waiting for the time to arrive. I do not see what is the use of building more ships until we can put into use the ships we have. Our experience in operating these two boats has shown that we can not, under present conditions, make any money. Something must be done. The foreigner is subsidized; he has something to work for. He knows before he starts that whether he gets any business or not he is going to get a return of at least 2 or 3 per cent on his investment.

How the subsidy should be made or applied I do not know; but I think it is the general opinion of a majority of the people, generally speaking, that there ought to be some remedy provided. Everybody, of course, wants to see American ships carry American goods. We are patriotic enough for that, but the ships are not able to do it. People are not going to invest money in a losing enterprise. You can go out and buy Government bonds and make something on your investment, but you put your money into a ship to-day and you can not make anything. You are going to lose it, and patriotism, I think, does not extend that far. [Laughter.]

\$32 HERE; \$24 ABROAD.

Representative GROSVENOR. I want to know who bought the steel you speak of?

Mr. WALLACE. The Harland & Wolff Company, Belfast.

Representative GROSVENOR. From whom did they buy it?

Mr. WALLACE. The United States Steel Corporation.

Representative GROSVENOR. Do you know where it was shipped from?

Mr. WALLACE. I do not. I presume from the Carnegie Steel Company. I do not know that, though, for a fact, as they have so many mills.

Representative GROSVENOR. And their present price to you is \$32?

Mr. WALLACE. \$32 a ton, Pittsburg.

Representative GROSVENOR. And that was laid down at Belfast at \$22?

Mr. WALLACE. \$24.

The CHAIRMAN. What does it cost to transport it from this country to Ireland?

Mr. WALLACE. As near as I understand, the rates at the present time are \$2 a ton. That would be \$22 a ton at tide water.

The CHAIRMAN. Then you could afford, under the existing law, which gives a rebate equivalent to the duty, to reimport it and send it back?

Mr. WALLACE. I do not know as to that. I have not gone into it definitely.

Representative GROSVENOR. What is the freight from Pittsburg to tide water?

Mr. WALLACE. I think it is about \$1.40 a ton. I am not positive about that, though.

Mayor JOHNSON. That would make \$11.40 difference between the Pittsburg price to you and the price abroad?

Mr. WALLACE. Yes. I am not positive about just what that rate is.

Representative MINOR. Mr. Wallace, suppose you were to build a ship that would carry 8,000 tons of iron ore; how many tons of steel would it require?

Mr. WALLACE. An 8,000-ton ship would require about 3,500 tons.

The CHAIRMAN. Admiral Bowles, late Chief of the Bureau of Construction, Navy Department, now at the head of the Fore River Ship Building Company, in Massachusetts, testified that the steel entering into a ship is about 5 per cent of the cost. Have you any information to give the Commission on that point?

Mr. WALLACE. I can only speak from our lake experience. It is here about 40 per cent.

#### THAT EIGHT-DOLLAR DIFFERENCE.

Representative MINOR. Mr. Wallace, would there be the same difference between the material that goes into your frames—your shapes, I suppose?

Mr. WALLACE. Yes, sir.

Representative MINOR. Beams, rivets, etc.—would the same difference be maintained between the cost in Europe and the cost here?

Mr. WALLACE. It is so to-day. Plates, beams, angles, and channels are now \$32 a ton, Pittsburg.

Representative MINOR. I find that on your plates alone you would have about \$28,000.

Mr. WALLACE. That is not 3,500 tons of plate. It is 3,500 tons of material.

Representative MINOR. The entire material that enters into the construction of the ship?

Mr. WALLACE. Yes, sir.

Representative MINOR. That is \$28,000?

Mr. WALLACE. Yes, sir.

Mr. GOULDER. Is the price as low abroad on the other things as it is on the plate?

Mr. WALLACE. Yes, sir. Roll prices are the same at the present time.

Representative MINOR. Do they lay that down in Europe at the present time at that price?

Mr. WALLACE. \$24 a ton in Belfast. They made no secret of it. It was published in all the papers at the time.

Representative MINOR. I wonder what they are willing to do toward building up the American merchant marine?

Mr. WALLACE. I do not know.

Senator PENROSE. Have there been many ships built in the shipyards of the Lakes for the foreign trade?

Mr. WALLACE. No, sir; there have not.

Senator PENROSE. You mentioned two. I did not know whether they were the only two.

Mr. WALLACE. No; there have been about 10 others, but they have been of the size to go through the canal. I think some seven or eight years ago a shipbuilder in Bay City also built two, but they were of smaller size than these. They were about 4,000 or 5,000 ton ships.

Senator PENROSE. Still, if the result of this matter is to bring American-built ships back into our merchant marine it would incidentally benefit the shipyards of the Great Lakes? They might build some of them?

Mr. WALLACE. Yes; they might. We have demonstrated the fact that we could build them.

#### "A GREAT OUTRAGE."

The CHAIRMAN. I assume that in the instance you have cited, as to the sale of steel abroad, you have taken pains to verify it beyond peradventure.

Mr. WALLACE. In regard to the question of price and material?

The CHAIRMAN. Yes.

Mr. WALLACE. It was given to me by the assistant sales agent of the Carnegie Steel Company.

Senator PENROSE. Was any reason given for the difference in price?

Mr. WALLACE. Nothing but that they wanted to keep their mills in operation.

Representative MINOR. I think, Mr. Chairman, that the testimony of Mr. Edwin S. Cramp is about the same as that of Mr. Wallace on the price abroad and here.

The CHAIRMAN. Yes; I think it is.

I want to say, what I think I am privileged to say as chairman of this Commission, that if the situation is as has been described it is a great outrage. [Applause.]

Mr. WALLACE. We have thought so for some time, and we have thought that in some way it ought to be remedied.

#### ADDITIONAL STATEMENT OF JOHN CRAIG.

Mr. GOULDER. I have pleasure, Mr. Chairman, in introducing Mr. John Craig, of Toledo, president of the Craig Shipbuilding Company.

Mr. CRAIG. Gentlemen of the Commission, I had the honor and pleasure of saying a few words to you in New York, and at that time I intended to prepare a paper to read before you, but I had to go to the Pacific coast, and only arrived home yesterday morning. A telegram from Mr. Goulder brought me here, and consequently I have had no time to prepare a paper. In coming down from Toledo to-day I have put a few thoughts together, which perhaps may not be as pertinent as they otherwise might be; but knowing that you have been

filled with statistics for the last month or two perhaps it will be a little relaxation to turn our thoughts in a different channel.

The question, as I look at it, is, Why have we not a merchant marine? and the answer is very plain. It is because there is no money in it. Why is there no money in it? Have our shipwrights lost their cunning? They certainly have not. It is only a very little while since a noted Englishman came over here to take away a mug which I remember very well seeing the *America* go for from the foot of Eleventh street. That was in 1850, in my boyhood days. They have tried repeatedly to get it. Intrinsically it is only worth about \$500, and I am creditably informed that the last person who tried to get that cup spent over a million dollars and failed. Not only that, but remember the conditions that were imposed when the cup was captured and the conditions that exist to-day when any Englishman or anybody else comes here and attempts to capture it. At that time the little *America* sailed against 50 vessels. Everybody who knows anything at all about vessels knows that some are better by the wind, some are better with their sheets lifted, and some are better before the wind. Consequently it was necessary in order to win the cup to beat everybody in every wind, and that was the only way the *America* won it. To-day any foreigner competes against one vessel, and only one vessel; and up to this time we have been enabled to keep it.

You may say that is only a plaything. Let us think of the merchant marine as it was and as it is. I can very well remember when the little clipper ship *Sea Witch* made the astonishing passage of ninety-eight days from Hongkong to New York, where I then lived. The fastest passage that had ever been made up to that time was one hundred and fifteen days. The consequence was that that ship was enabled to sell her cargo of tea at from 15 to 30 cents a pound advance over the cargoes which came in ships which took one hundred and fifteen days on their passage. It also laid the foundation for the wealth of the great firm of A. A. Low & Bros., one of whom was the father of the former mayor of New York.

At that time we went particularly into clipper ships, and I could give you the record of the *Sea Witch*, the *Comet*, the *Flying Cloud*, the *Challenger*, the *Invincible*, the *Sovereign of the Seas*, and the *Dreadnaught*, under Captain Samuels, that made the wonderful record of thirteen days between Sandy Hook and Tuskar light—something that never was made before.

#### GIVE US THE CHANCE.

Come here and look upon the Lakes and see how we have advanced because we have had an opportunity. Well, gentlemen, that is one thing. The next thing is, Are our people willing to go into the marine business if they see any money in it? There is no question in my mind on that subject. In 1900 the United Fruit Company, of Boston, believing that there was to be a subsidy in carrying fruit from the Spanish main, desired some American-built ships, so that they could reap the benefit of that subsidy. They said to a number of gentlemen here on the Lakes that they wanted ships and were willing to charter them for a given time. Two ships were to be built which would guarantee certain conditions, one of which was 13 knots speed and another of which was that there was to be 90,000 cubic feet of capacity, of special design, and adapted for carrying fruit and also mail and passengers. They offered to these gentlemen a net income

from those ships of about \$40,000 a year. They contracted with us, and we built two ships, one called the *Buckman* and the other called the *Watson*. They went out to the coast and worked there for about a year. Then they were laid up, and they are laid up to-day. Why are they laid up? Simply because the United Fruit Company to-day can charter a ship, manned, fueled, and victualled, and run her cheaper than they can run those two ships. That is the only reason. There is no doubt in my mind but that we will go into it if you will give us the chance.

#### EVERYTHING BUT THE SHIP PROTECTED.

What is the remedy? The antithesis of protection is free trade. Everything that is in a ship, from the moment a miner takes his pick and shovel to dig the first shovelful of ore until that ship is delivered to her owners, is protected in every way, shape, and form. The shovel and the pick with which the miner digs the first shovelful of ore are protected. The railroad that carries the ore is protected by the right of eminent domain. The vessel that carries the ore is protected in the fact that no foreign competition can affect her, and her only competition is that of men in the same business. We are protected right through until the plates are ready to be delivered in the shipyard. Labor is protected.

Oh, I think with horror of free trade as a remedy, when I remember the hordes of China and Japan that would come in here. I was lately in Egypt. There a good laborer can be had for 5 piasters a day, which is equal to 25 cents of our money. While in Naples I went over to a portion of the Armstrong works, of England, that is located there making Italian armor, and good mechanics are paid 3 lire (60 cents) a day. When I think of our people being brought down to that alternative, with horror I cast it aside and say it is not worth the cost; but I do say that any father who will not help his son struggling in business is not worthy of the name of a father, and that any government that will not give protection to an industry in which by the nature of its soil and its climate and the habits of its people it is likely to excel, is not a nation taking care of its people and its supporters.

In regard to the price of ships our firm and two other firms in the United States were recently asked to make a figure on the price at which we would build a ship that would carry 3,000 tons dead weight. That ship we could get through the canal, and we could compete with anybody, so far as natural advantages were concerned. The price we made upon the ship, all figuring upon the same specifications, was \$240,000, and the gentlemen to whom we submitted the offer showed me a letter that he had received from a firm in Newcastle-on-the-Tyne in which they offered to build that ship for £26,000, which is practically \$130,000. Why, we were not in it for a minute. We could not think of such a thing. We would have lost \$50,000, if not more.

Representative GROSVENOR. What was your tender?

Mr. CRAIG. Our tender was \$240,000 as against \$130,000. That is absolutely so.

#### LABOR HERE AND ABROAD.

I recently returned from abroad, and while there I made it my business to look into the labor conditions of the shipyards. I had the opportunity to visit two of them. I found that their labor conditions

are entirely different from ours. In our shipyards we have from five to twenty organizations that are independent and separate, that have no connection with each other. For instance, we have a machinists' society, a boilermakers' society, a blacksmiths' society, a joiners' society, a caulkers' society, and so on. The conditions abroad are entirely different. While they have the same societies, those societies are all hedged within their own precincts. Each one is a society of the particular yard.

Now, when the employees of any department of that yard become dissatisfied they do not go to an outside concern that has no interest there, which, by a majority or a minority vote, decides to strike or not to strike, but from each of these societies which are in the yard there is chosen annually one man to represent that society. The representatives of the various societies become in a certain sense a congress of that shipyard, and the dissatisfied employees lay the matter before their representative, who presents it before this congress, and he has to demonstrate to the congress that they actually have some cause of complaint, because the congress goes to the employers to adjust the matter, and of course they do not want to go to the employers if they have not a good story to tell. If they have no reason on their side it is useless to proceed. Consequently the troubles we have are entirely different from the troubles they have.

Two years and a half ago we had a strike of the machinists in our shipyards. Of 900 men employed 35 told us they did not want to strike, but their society said they must strike for nine hours a day. Of course we could not grant them nine hours a day, with all the rest of the men working ten hours, so we were right up to it. We would be ruined if we granted them all nine hours a day, with the contracts we then had on hand. After talking the matter all over, we determined we would compromise and offer all the men of the shipyard—our pay roll was then about \$1,500 a day—a fifty-five-hour week, giving them a half holiday on Saturday instead of nine hours a day. They would not accept it, and the strike is not yet settled. The consequence was that before we had our yard running without any friction, it cost us over \$25,000 to get men from here, there, and everywhere. The other employees of the yard were greatly tickled. They got something for nothing; but because the machinists did not get what they wanted they struck and stood for it, and to-day if you ask the machinists' organizations of the United States where the strikes are you will find there is one in the Craig Shipbuilding Company among the machinists.

I do not know what the remedy should be. Something should be done. We should have an opportunity. As I said to you gentlemen before, I believe in protection, and everything in the ship is protected until it is passed over to its owner. Then it loses protection entirely.

I say to you that if the opportunity is given to the shipbuilding interest in this country, with its soil and climate, and with such people as we have here engaged in it, with their birth, their habits, their associations, and their ambitions—and God knows we have as bright men here as there are in the world—in ten years we will build ships for England, as we did at the time I referred to, when we had the clipper ships and when we practically had the commerce of China and Japan and controlled it until 1860.

I do not know that I have any more to say, gentlemen. I thank you. [Applause.]

## STATEMENT OF G. H. TOMLINSON.

Mr. GOULDER. If it meets your pleasure, Mr. Chairman, after one further brief address, it was our arrangement to take a recess until after luncheon.

I now introduce Mr. G. H. Tomlinson, a prominent vessel owner of Duluth.

Mr. TOMLINSON. Mr. Chairman and gentlemen, I come from the Northwest, which is the wheat bin of this country, and I want to say just a few words with regard to the raising and the transportation of grain.

We are a long way, up in Duluth and in Minnesota, from the seat of human activities. We do not know very much about the finances of the East. We do not know very much about the great industries of which this city is so splendid a center. We do not know very much about the public affairs at Washington.

Representative GROSVENOR. You have Adam Bede there.

Mr. TOMLINSON. He is a great help.

We note with pleasure that you have spent a great many millions of dollars for ships that seem very small in New York Harbor, but they could shoot when it was necessary for them to shoot. We do know, however, how to raise wheat up in the Northwest, and we know that after we raise the finest wheat in the world the thing we have to do is to find a market. The market of Northwestern wheat is Liverpool, and in order to compete with the Liverpool market we must have the very best transportation facilities that the world can supply. We are bringing wheat from Duluth to Buffalo to-day for a cent and a half a bushel, and from Buffalo to New York by rail for about 3 cents a bushel. After we reach the seaboard we meet the foreign ship.

## DISCRIMINATING AGAINST AMERICA.

Now, the Duluth shipper has no particular prejudice against the foreign ship, only what his experience has taught him. It has taught him very recently, during the Boer war, when Great Britain made so many requisitions for her so-called tramp ships, that there was a scarcity of transportation facilities out of New York. Immediately north of us is another great wheat field, and a growing one, and it was the observation and experience of the grain shipper in Duluth that, while it was possible only with great difficulty to obtain transportation during the Boer war from New York, the British ship went into the harbor of Montreal and took the Canadian grain without any difficulty whatever. So marked did that difficulty become that much of the American grain was shipped via the Georgian Bay to Montreal to find transportation facilities to Liverpool.

That is the difficulty we are meeting, and it is a difficulty that is growing with us. It seems to us in Duluth that the British Government is offering every facility to prejudice the transportation of American grain for the benefit of its Canadian colony. It is human nature, and it is all right from their standpoint; but we need a constant and a loyal foreign transportation marine, and in my judgment we will have it only when we have American ships.

Representative GROSVENOR. What is the usual freight from New York?



Mr. TOMLINSON. That is a very fluctuating thing, General. It runs from 3 up to 5 cents.

Representative GROSVENOR. A bushel?

Mr. TOMLINSON. Yes, sir. I have known it lower than 3 cents.

#### COST OF THE BOER CONFLICT.

The CHAIRMAN. It has been suggested to the Commission that at the time Great Britain withdrew her ships for transport purposes there was a large increase in the freight rates, I think 30 per cent.

Mr. TOMLINSON. That is true, sir.

The CHAIRMAN. And that may happen at any time in the event of a foreign war.

Mr. TOMLINSON. Yes. Of course if we obtain the same rate that the Canadian grain obtains that is very satisfactory to us; but it is a notorious fact that every fall nowadays the freight broker in New York speculates in order to protect his shipments. Of course the grain moves very largely in the fall.

Representative GROSVENOR. We were told by a shipper of corn in Chicago that freight rates were so low that corn was being shipped, or had recently been shipped, at a loss to the steamship company; that they bid the freights so low that they could not pay the London dock charges out of the freight.

The CHAIRMAN. They practically took it as ballast.

Representative GROSVENOR. Yes; they practically took it as ballast.

Mr. TOMLINSON. That is occasionally true. It is like all other business experiences. Sometimes we make money and sometimes we do not.

Representative MINOR. It does not take me long to see it. In your opinion, Captain, is any Congressional action necessary to protect the lake traffic from any impending menace or danger from this invasion of foreign vessels?

Representative GROSVENOR. Can you contract your wheat through from Duluth to Liverpool?

Mr. TOMLINSON. Yes, sir; that is a growing practice.

Representative GROSVENOR. Paying the freight in one contract?

Mr. TOMLINSON. Yes, sir; on one bill of lading.

#### WHAT OF A GREATER WAR?

Representative MINOR. You spoke of the Boer war and the withdrawal of certain tramp ships. They were used, I suppose, to transport troops and munitions of war and supplies for the army in Africa?

Mr. TOMLINSON. I suppose so.

Representative MINOR. That was rather a small affair, when we think of modern wars, and yet it affected your freight rates?

Mr. TOMLINSON. Yes, sir.

Representative MINOR. Now, suppose that a war should take place between Germany and England or that the two nations should become involved in a serious war, and that they should withdraw, in the same proportion as they were withdrawn for that small war over in Africa, those tramp ships to be used as transports to supply their army and navy, what then would be the effect on your wheat fields?

Mr. TOMLINSON. It would paralyze us.

Representative MINOR. We are exporting and have been exporting, at the rate of about \$500,000,000 a year, agricultural products, manu-

factured products, etc. Suppose that war should continue for six months with these tramp ships withdrawn, what would be the effect on the whole country? Who would buy our products? Who would pay money for them, and what would we do with them during that time?

Mr. TOMLINSON. Well, the farmers' grain would be eaten up by storage charges in elevators. It is a very unfortunate fact in the Northwest that the farmer has not obtained sufficient financial resources to very generally build granaries. I mean by that he must put his grain into a terminal house in either Minneapolis or Duluth, and that would cost him from 12 to 14 cents a year.

Representative MINOR. It would cause a general paralysis of American business?

Mr. TOMLINSON. In my judgment it would.

Representative HUMPHREY. Under the circumstances which Captain Minor has described, a great portion of the farmers' products of the Northwest would rot in the fields, would it not?

Mr. TOMLINSON. It would not rot in the fields, sir, for the reason that for a very large proportion of the crop there are now terminal facilities. We can move it to Buffalo, where there is storage capacity of, I think, a little over 30,000,000 bushels, about 40,000,000 in Duluth, and about 50,000,000 in Minneapolis.

Representative MINOR. Suppose the condition should last a year, what would be the result?

Mr. TOMLINSON. If another crop came on us, we could not do anything.

The CHAIRMAN. We are very much obliged to you, sir.

The Commission will take a recess until 2 o'clock this afternoon.

The Commission (at 12 o'clock and 30 minutes p. m.) took a recess until 2 o'clock p. m.

The Commission reassembled at the expiration of the recess.

#### STATEMENT OF A. B. WOLVIN.

Mr. GOULDER. Mr. Chairman, I have the unexpected pleasure of introducing to you Capt. A. B. Wolvin, of Duluth, who had advised us it was impossible for him to be here, but who has made a special effort and is with us.

The CHAIRMAN. Captain Wolvin, the Commission will be pleased to hear from you. I will ask first in what line of transportation you are engaged?

Mr. WOLVIN. Water transportation.

The CHAIRMAN. You may proceed, Captain.

Mr. WOLVIN. I want to say first, Senator, that my being here is something of a surprise to myself, and I am not at all prepared. Had I known I was going to be here I would have had a good deal better data, but it is perhaps permissible for me at this time to attempt to show you the possibilities of foreign ships entering the lake trade by reason of their cheaper cost and more especially on account of the cheap cost of operation.

#### A NEW AND OMINOUS INVASION.

To illustrate: We are operating a line of steamers between Duluth and Chicago, and Montreal and Quebec. We built 10 boats, that were

completed last year, of suitable size for canal navigation, 250 feet long, and 42 feet wide, to carry a maximum cargo on canal draft, of 14 feet, which we find in these boats to be 2,200 net tons. The cost of these boats to us, built here in the lake country, was \$140,000 each. During last fall a firm of steamship owners in Sweden made overtures along the line of putting in the steamers for their own account, we to handle them simply as brokers, or they would charter the vessels to us outright. After some negotiation we decided, as we wished to control the trade as far as possible, that we would charter the vessels. The result was that we secured vessels exceptionally well adapted for the business, equally well adapted with our own boats that we had built at a cost of \$140,000 apiece, and the charter reads like this:

First, there is an option on our part to purchase the vessel at any time within the charter period, running from May 1 to November 15 next, at £18,000. For the use of these vessels we pay £580 per month. That is \$2,900. That furnishes the crew, pays the insurance, and finds the vessel in everything but fuel. In other words, we are operating these vessels on this charter at a cost of less than \$100 a day, as you will quickly perceive, as against \$135 a day, the minimum cost of operating our own boats. That is due entirely to wages. The other expenses, for feeding the crew and all that, are about the same. They all buy in the same markets here with us.

#### SWEDISH STEAMERS IN LAKE TRADE.

I have here a hurried letter from the captain of one of these Swedish vessels. When I knew I was coming I wired him to send a list of wages paid his crew. Unfortunately the amounts are stated in Swedish money, but I have partly reduced them to United States coin. The pay of the master per month is 300 Swedish kroner, which, reduced to American money on the basis of to-day, 26.5 cents, is \$69.50 a month; we pay our captains in the same service in our own boats \$200 a month. First mate, 120 kroner, \$31.80 per month; we pay \$100. Second mate, 90 kroner, \$23.85 per month; we pay \$80. Chief engineer, 180 kroner, \$47.70; we pay \$125. Second engineer, 130 kroner, \$34.50; we pay the second engineer \$100. Steward, 75 kroner, \$19.97 a month; we pay \$66. Seamen, 60 kroner, \$15.90 per month; we pay \$42.50. Firemen, 60 kroner, \$15.90 per month; we pay \$42.50 a month.

Senator PENROSE. Do I understand these Swedish employees are on your vessels that run to Canadian ports?

Mr. WOLVIN. Yes, sir.

Mr. PENROSE. I did not quite understand the comparison.

Mr. WOLVIN. We charter the vessels from the owners in Sweden.

Senator PENROSE. They are sailed under the Swedish flag, are they?

Mr. WOLVIN. Yes, sir.

The CHAIRMAN. It would be agreeable to the Commission if you would submit the letter in its entirety, changing the money, as you suggest, into our standard.

Mr. WOLVIN. And our scale of wages in a column by itself?

The CHAIRMAN. Yes.

Senator PENROSE. I think those figures are extremely interesting and important, and it would be well to have them accurate.

Mr. WOLVIN. I am familiar with the whole situation, and to my mind it is one of the best instances of comparison.

Senator PENROSE. It is the best I have heard.

The letter referred to is as follows:

## CHEAP SWEDISH WAGES.

BUFFALO, June 25, 1904.

Mr. A. B. WOLVIN, *Cleveland*.

SIR: Receiving a letter from Duluth asking for information as to the operating expenses aboard, to be sent to you.

The crew consists of 17 men, master included, and their wages are as follows:

American wages.	Office.	Wages per month.	
		Swedish kroner.	U. S. equivalent.
\$1,400 per season .....	Master .....	800	\$99.50
\$100 per month .....	First mate .....	120	31.80
\$50 per month .....	Second mate .....	60	23.55
\$125 per month .....	First engineer .....	180	47.70
\$100 per month .....	Second engineer .....	180	34.50
\$50 per month .....	Steward .....	75	19.97
	Cook .....	60	
	Carpenter .....	65	
\$42.50 per month .....	1 able-bodied seaman .....	65	15.90
\$52.50 per month .....	2 able-bodied seamen, at 55 kroner .....	110	14.57
\$50.00 per month .....	2 ordinary seamen, at 50 kroner .....	100	13.75
	1 ordinary seaman .....	35	9.27
	Donkey man .....	35	17.22
\$42.50 .....	3 firemen, at 60 kroner .....	180	15.90
		a1,570	

a About \$420.

The cost of provisions per month are about \$204.

Their contracts last until vessel gets back to Sweden.

Should you like to purchase the steamer now the crew can be kept aboard until the fall of the year.

Yours, truly,

P. E. ROLFF, *Master*.

## FOUR HUNDRED OF THESE SHIPS IN SWEDEN.

Mr. WOLVIN. You have no doubt heard in your sessions the sentiments of the man on the coast who operates a ship in a direct or indirect importation and exportation business. No one has ever thought that this cheap operating tonnage would be of so serious moment as far inland as the Lake country. No one thought they would get here; but, as I say, last fall the Swedish owners sent a man out here and said: "Unless we find somebody on the Lakes to take these boats on a charter, we will operate them here on our own account." There are something over 400 of those little steamers in Sweden that are looking to this trade.

The CHAIRMAN. Captain, are these Swedish steamers as well adapted to the lake trade as the ones built on the Lakes?

Mr. WOLVIN. Yes, sir; I think better.

## COST \$50,000 LESS THAN LAKE SHIPS.

Representative GROSVENOR. Right in that connection, you spoke of the \$140,000 that you expended for the building of certain ships.

Mr. WOLVIN. Yes, sir.

Representative GROSVENOR. And you said that these, at \$90,000, were a similar type of ship?

Mr. WOLVIN. Yes, sir.

Representative GROSVENOR. Were they built as well in respect to material and labor and made as valuable ships as yours?

Mr. WOLVIN. Yes, sir; that is why I think they are better. They are better from the standpoint of construction in that they are a little heavier, which to a practical man means a good deal in canal operations. We scheme everything here with the idea of reducing the cost. Here is a ship that, from the standpoint of construction, is a better ship than we, the owner—not the builder, but the owner—would specify in his contract with the builder, having in mind when he makes his contract the item of cost. The vessels carry well; they run well. We have no trouble with the crews. They are anxious to do all we want them to do.

Senator PENROSE. Captain, does it cost as much to feed the crews on these Swedish vessels as on the American vessels, or is that about the same?

CREWS FED FOR LESS.

Mr. WOLVIN. The captain tells me in this letter that he is feeding his whole crew for practically \$200 a month. It costs us about \$250 to \$260 a month. They are enabled to feed their men on this plan: The captain takes the contract for supplying the subsistence for the crew. He is allowed in this case, I believe, 40 cents a day in gold for feeding his men and taking care of the cook. We can not do that here.

Senator PENROSE. Does it require any more men on the Swedish ships than on the corresponding American vessel?

Mr. WOLVIN. He says here that his crew consists of 17 men, master included.

Senator PENROSE. It was testified on the Atlantic seaboard that the men were overworked on the American vessels—that they were undermanned, in other words.

SMALLER IN NUMBER.

Representative GROSVENOR. How many men are there in your crews?

Mr. WOLVIN. Twenty-one.

Senator PENROSE. Then the foreign ship has less men?

Mr. WOLVIN. Yes, sir.

Representative MINOR. The Norwegians are noted for small crews anyway.

Mr. WOLVIN. Yes, sir.

Senator PENROSE. That is contrary to the experience in the foreign carrying trade, as testified to before the Commission.

Representative GROSVENOR. This is the foreign trade.

Senator PENROSE. Yes; the lake trade. I mean the ocean trade.

Representative GROSVENOR. They come from Sweden.

Mr. WOLVIN. I do not know that the average lake-steamboat man has any realization of what may happen by reason of the ability of the foreigners to compete, especially the Swedes, Norwegians, and Danes. They operate more cheaply than anybody operating floating property. They have something like 400 vessels of this class now in commission owned by the different countries or sailing under the different flags, and those vessels will soon be in this lake trade. The idea has occurred to only a very few men that anything of that kind could ever come so far inland. It is a new phase of the situation.

## LAKE SHIPPING MENACED.

The CHAIRMAN. These vessels, I assume, are simply engaged in the foreign carrying trade?

Mr. WOLVIN. Oh, no. We are using these vessels between Duluth, Chicago, Milwaukee, and the St. Lawrence River, Montreal and Quebec.

The CHAIRMAN. How do you do that under our laws?

Mr. WOLVIN. We are permitted to do it.

Representative GROSVENOR. You are charterers?

Mr. WOLVIN. Yes; but under the United States coasting laws we may do that. We may bring the vessels from Canada here.

Representative GROSVENOR. But they can not operate here? The owners of these vessels that are chartered to you can not operate them, can they?

Mr. WOLVIN. Yes, sir.

Representative GROSVENOR. How?

Mr. WOLVIN. They are perfectly free to trade between United States and Canadian ports.

Representative GROSVENOR. But they can not come from Duluth to Buffalo.

Mr. WOLVIN. Oh, no; but they can go to as many ports as necessary to discharge one cargo. They can go to three or four ports to unload.

Representative GROSVENOR. They can start at Duluth and load at every port here along the Lakes, and carry that cargo out of the Lakes.

Mr. WOLVIN. As long as they are engaged in the one act of loading the single cargo, they may go to one or more ports in the States. The delivery of that cargo, however, under its foreign flag, must be in a foreign country.

The CHAIRMAN. That is precisely the point I raise. Of course they can not deliver their cargo to an American port. Hence they are engaged in the foreign carrying trade.

## FOREIGNERS HAVE THE ADVANTAGE.

Mr. WOLVIN. These ships have this advantage right off in the lake trade. They are permitted to do a coastwise business in Canada. Hence that class of vessels will rapidly find their way to the Lakes to do the Canadian business, a large proportion of which, in fact 90 per cent, is now done between Canada and the United States. Port William is a great outlet of grain for the Northwest Territory. A large percentage of that grain in October and November goes to Buffalo. During the rest of the season the shipments are not so large by the United States ports. The rush, incident to moving the bulk of the crop, in a short time is over, and it goes in the smaller craft through Canadian waters; but this class of vessels coming into the purely Canadian coastwise trade is going to revolutionize it. Every one of these ships that comes here is going to be a competitor and will secure business as against the usual channel of trade from Canada to the States.

Senator PENROSE. Does Canada have any laws restricting the coastwise trade to their own people?

Mr. WOLVIN. No, sir; except the general coasting laws in Canada are framed to meet the laws of the United States. Our American vessels of course can do no coastwise business in Canada.

Senator PENROSE. That is what I mean. Can other foreigners do it?

Mr. WOLVIN. Yes; these ships I refer to can do all the coastwise business in Canada, and they are doing it now.

Representative MINOR. In view of the fact that there are in Sweden 400 of those vessels adapted to the lake trade that are looking for this trade, suppose we should repeal the coastwise laws so far as they apply to the Great Lakes. What would then become of our vessels that we are so proud of up here?

REPEAL WOULD BE DISASTROUS.

Mr. WOLVIN. I do not believe a repeal of the law in its entirety would do any good. You would then be in the same position that Canada occupies to-day in reference to these special vessels. They would simply come to the United States coast and do the coastwise business.

Representative MINOR. What effect would they have on the vessel business? That is the point I want to make.

Mr. WOLVIN. The effect would be very disastrous.

Representative MINOR. It has been stated to the Commission by certain parties that they thought they were independent enough and well-enough established so that they did not need any protection.

Mr. WOLVIN. You can at once see the effect of these steamers operating on this basis, doing the coastwise business of this country.

Representative MINOR. It does not take me long to see it. In your opinion, Captain, is any Congressional action necessary to protect the lake traffic from any impending menace or danger from this invasion of foreign vessels?

Mr. WOLVIN. If what I have stated to you represents the attitude of the owners of these vessels, yes. They are not only going to supplant us in the trans-Atlantic trade, but, if it is allowed, will do the same thing to quite an extent here on the Lakes. They may not engage in the general transportation of iron ore, but there is a vast amount of business outside of iron ore. The lake traffic of last year was 54,000,000 tons, about 23,000,000 of which was iron ore. The balance was made up of grain and a lot of shipments of smaller commodities, for which these boats are admirably well fitted, and they can do the business.

The CHAIRMAN. I have an impression, Captain, that in Detroit one owner of ships testified before the Commission—if he did not give the testimony, he suggested it in private conversation—that if he was offered as a free gift small ships he would not accept them; that he could make more money by building these extremely large ships that carry great cargoes, and that he would not accept small ships as a gift.

Representative MINOR. He placed the limit at 2,000 tons.

BOTH LARGE AND SMALL SHIPS.

Mr. WOLVIN. Fortunately for this particular case I am on both sides of that same proposition. We have twelve of these steamers carrying 2,000 tons. They are engaged, perhaps, in a special line of business. We have nine steamers of a larger class ranging in capacity from 5,500 gross tons to perhaps 10,000 gross tons. I do not agree with the gentleman in his statement as to small capacity; that is, having in mind these vessels for the general transportation of ore and coal. Everybody seems to have reached the conclusion that the big boat is the only one.

Representative GROSVENOR. Do you think you have reached the mamimum now?

Mr. WOLVIN. The maximum size of vessels?

Representative GROSVENOR. Yes.

Mr. WOLVIN. Why, no; I do not believe so. I have had so much experience in this maximum idea. As a boy I was in a vessel that carried 600 tons.

Representative GROSVENOR. And you thought that was the maximum?

Mr. WOLVIN. Yes. She was so large at that time, I remember, they used to figure it was almost an impossibility to navigate her on the Lakes. That was during the days of the old channels. We were the first to build the large steamers. We came along with 4,000 and 5,000 ton boats. Every time anyone went a little in advance of the common run, the maximum had been reached, but it never stood more than a year. The longest lapse as regards the increase in the size of vessels that I have known here in thirty years is the step from the 500-foot steamer of 7,500 tons capacity to the new boat of 560 feet in length and 10,000 tons capacity.

Representative GROSVENOR. And it was a pretty long stride when it came?

Mr. WOLVIN. Yes, sir.

#### TOWARD THE ST. LAWRENCE.

The export business of the lake territory, owing to the expenditure by the Dominion government of something like \$80,000,000 in the improvement of the St. Lawrence waterways, is going to turn largely through that channel. Eventually there is bound to be a large outlet in that trade for the class of American tonnage that is built of suitable size to go through the canals.

The advantages of that trade to that class of our vessels is going to be lost, and it is going to go to these very boats here. We fell in with a progressive fellow over there in Sweden who happened to see the opportunity. He did not hesitate to say: "If you do not take these boats yourselves, we will put them in there," and this charter price of \$2,900 a month includes all his expenses, his insurance, and his profit. We did it as an experiment, and he agreed to keep out, because he was in hopes that the trade would grow so that by another year we might be able to take 20 of his steamers instead of 12.

I do not believe there is any line of traffic by which the exports from the lake country can be carried to any better advantage than down the St. Lawrence. It is hard to be brought to that conclusion, but after wrestling quite a while with the question I am convinced that it is so. I do not mean to say it is going to drive out the railroads or the canals, but I do believe that the export of United States wheat, grain, and cereals, and, I think, flour, from St. Lawrence ports will very shortly exceed New York. The Canadians have built a splendid channel. We navigated it all last year with all our boats without a single mishap except to one tow barge. None of our steamers had any accident in going through.

Senator PENROSE. Is the insurance very great on the vessels that go down the St. Lawrence route?

Mr. WOLVIN. The insurance on our vessels in the St. Lawrence trade is about three-eighths of 1 per cent higher than the insurance on the vessels on the upper-lake trade. The general grain rate from Duluth to Chicago and Buffalo would be in the neighborhood of 30 cents. The rate to St. Lawrence ports is from 40 to 45 cents, probably about 50 cents; but as compared with the value of the commodity the cost is very small indeed.



That is a trade that is now open to American vessels and American interests. It is a trade that I hope you gentlemen in all your deliberations will keep your eye on. It is a trade it would be too bad to lose, and we are sure to lose it just from the reasons I have stated here.

A DEEP WATERWAY.

The CHAIRMAN. Captain, it has been agitated in certain quarters that the Government ought to unite with the State of New York and make the Erie Canal a waterway that would carry large vessels from the Lakes to the coast. Have you given thought to that proposition?

Mr. WOLVIN. How large vessels, Senator—lake steamships?

The CHAIRMAN. The lake steamship. The State of New York is about to expend \$101,000,000 to deepen the canal to 9 feet. It has been suggested that the Government, by the expenditure of \$200,000,000 more, could put that canal in shape so that the large lake vessels could pass through.

Representative MINOR. And give it 21 feet of water.

Mr. WOLVIN. You may think it is an absurd statement, but I will give you just my ideas. I have studied it a good deal, and I say that the 6,000-ton lake steamer, even with that canal, could not carry the grain as cheaply as a canal boat towed by a horse is now carrying it.

Senator PENROSE. On what do you base that statement, Captain?

Mr. WOLVIN. On the value of the boat's time. For instance, you take a 6,000-ton steamer; that is 200,000 bushels of wheat. You may figure any rate you please on the lake. I do not know that that would enter it; but, for illustration, at a 2-cent rate the freight charge would be \$4,000 gross. It would take, say, seven days to load it, transport it, and unload it. From Buffalo to New York the distance is outlined as about 440 miles. You can not hope to navigate a waterway of that character at a speed exceeding 4 miles an hour, and I would rather put it at 3. Hence it is safe to say it would take practically one hundred and thirty to one hundred and fifty hours of the boat's time to make that run. Apply the same portions of earnings on the lake to the time required to make the delivery in either case, and you can quickly see where the steamer would come out.

ON THE AMERICAN SIDE.

The CHAIRMAN. Captain, have you given thought to the possibility of a waterway on the American side direct?

Mr. WOLVIN. You mean around the Falls?

The CHAIRMAN. Around the Falls.

Mr. WOLVIN. Yes. When you have done that you have pretty nearly got to get back to Canadian water for the balance of your channel. You get below Ogdensburg and the natural water is on the Canadian side.

The CHAIRMAN. Entirely so.

Mr. WOLVIN. The cost of the improvement of the waterway on the American side of the St. Lawrence would be a sum so great that the interest on it, I believe, would more than pay the freight. The government in Canada has spent \$65,000,000 in deepening to 14 feet the channel on their side from a natural bed with nothing less than 9 feet in it anywhere, while on the American side you would have almost the entire distance of something like 117 or 118 miles with practically no water in it at all, and the great proportion of the distance is rock.

Senator PENROSE. Captain, would your criticisms on the projected Erie Canal apply with equal force to the project of a canal connecting to the Ottawa River and entering the St. Lawrence?

Mr. WOLVIN. I did not quite get the question.

Senator PENROSE. Would your criticisms on the projected improvement and deepening of the Erie Canal apply with equal force to the projected canal that the Canadian government has in view connecting the Ottawa River?

Mr. WOLVIN. Lake Nipissing, the Ottawa River, and the French River?

Senator PENROSE. Yes.

Mr. WOLVIN. Yes, sir; the same thing would apply.

Senator PENROSE. The canal route there would be very much shorter, only 40 miles, and I suppose on the river they could make greater speed and perform the journey in quicker time.

Mr. WOLVIN. No; they have nowhere in that river a sufficient depth of water. They would have to dredge the channel the entire distance with the exception of a very few miles, not over 10, to get deep water. I have been over that plan considerably with Mr. Tarte, the former minister of public works, and am quite familiar with it.

The CHAIRMAN. This is an entirely new phase of this very interesting question. Have you any suggestions to make from the patriotic American standpoint as to how we can meet this condition?

Mr. WOLVIN. No. I am willing to diagnose the case, but I would rather leave it to somebody else to find the remedy.

The CHAIRMAN. A commission was appointed a few years ago, and we had one member of that commission before us at Detroit, Mr. Wisner, who made two surveys and submitted a report, which, I think, has not at all been acted upon.

Mr. WOLVIN. No, sir.

The CHAIRMAN. Did you take occasion to examine that report and to form an opinion as to the desirability of adopting their suggestions?

Mr. WOLVIN. I did at the time; yes. I was quite familiar with it. It is some little time ago.

Senator PENROSE. According to your view, as I understand it, any deep canal is hardly worth the necessary expense in constructing it?

Mr. WOLVIN. Yes, sir.

Senator PENROSE. And therefore this project, which has been surveyed officially by the United States Government, would come under your criticism equally with the Canadian project and the Erie project?

#### NO SHIP CANAL FEASIBLE.

Mr. WOLVIN. I mean to say this: That I do not believe a deep waterway, such as you have suggested, for the accommodation of our big lake steamers—20 feet draft, if you please, and any dimensions as to the width that would be within reason—is at all feasible, and for the reason that I have outlined. It is susceptible of practical demonstration right here in figures.

The CHAIRMAN. As I recall it, Mr. Wisner, who is a very distinguished engineer, stated to the Commission that that new Canadian project—I do not know exactly where the canal is to start—

Representative MINOR. At the head of the Georgian Bay.

Mr. WOLVIN. Yes; at the head of the Georgian Bay.

The CHAIRMAN. And, connected with the Ottawa River, could be built at an expense of about \$40,000,000.

Mr. WOLVIN. That is about the estimate; yes, sir.

The CHAIRMAN. But you think that would not be feasible or desirable?

Mr. WOLVIN. The difficulty with that is that they are short in terminals at the farther end. When they get through there, unless they change the plan, they still have not found a route. They land that canal above Montreal. They have all the difficult navigation of the St. Lawrence River as it exists to-day from Coteau down through the Lachine Canal. If a route could be found that would deliver at deep water on the other side of Montreal, the project would be more feasible than it is to-day; and even then I doubt if the service could be performed by the ship for any less rate than is now being done by going all the way around Lake Erie and Lake Ontario. The Canadian government is reducing expenses in the way of canal tolls, and it is doing everything it can, of course, to start the trend of trade that way.

The CHAIRMAN. We seem to be, then, literally between the devil and the deep sea, with England on one side, underbidding us in the matter of constructing and operating ships, and Canada on the other side, with superior facilities for reaching the ocean.

Mr. WOLVIN. Yes, sir.

Representative GROSVENOR. We are not getting to the deep sea very well.

The CHAIRMAN. No; we are between.

#### RECIPROCITY IN COAST TRADE.

Mr. WOLVIN. A little reciprocity with Canada in the coastwise trade, simply as a suggestion, might not be a bad thing. In fact I think there are a good many cases where it would help all around. The Canadian tonnage is small. Even if it had free access to American ports, we would scarcely feel its competition. I think they have available for the general lake trade only something like 370,000 or 380,000 tons of registered capacity. Quite a little of that is passenger service, as against 1,450,000, and perhaps 1,500,000, of United States registered tonnage.

Representative MINOR. Any encouragement of that kind would probably develop more tonnage over there.

Mr. WOLVIN. I think the benefit would accrue to the United States.

Senator PENROSE. How do you make that out, Captain?

Mr. WOLVIN. On any good basis I think the United States would quickly be exporters, to a great extent, of coal. I think more or less of the iron ore would go over there. They are already shipping iron ore from Lake Superior to Sydney in small quantities. That is only experimental. With the control of the traffic represented by the ownership of the commodities being in our own hands here in the States, and in view of the class of vessels owned by Canada, I do not think we have anything to fear.

The CHAIRMAN. Why does not Canada invest in these low-priced Swedish vessels?

Mr. WOLVIN. They really have not the use for them, Senator.

The CHAIRMAN. The word "reciprocity" is a little startling, Captain, for the reason that it was the reciprocity of the seas that destroyed our American merchant marine.

Mr. WOLVIN. Yes, sir; that is right; but the conditions prevailing here are a little different from the general conditions at large. Canada here, you know, is very close to us.

## ONLY IN NAVIGATION LAWS.

Representative GROSVENOR. You are talking about reciprocity in navigation laws?

Mr. WOLVIN. That is it; nothing more.

Representative GROSVENOR. Because I was going to ask you what we produce that Canada does not produce.

Mr. WOLVIN. I thought you understood the suggestion, General.

Representative GROSVENOR. I do now.

Mr. WOLVIN. I meant with relation only to the coastwise laws.

Representative GROSVENOR. I understand. So my other question is not important.

Representative MINOR. With such reciprocity would not Canada increase her tonnage very materially, so as to interfere with your present magnificent lake trade?

Mr. WOLVIN. I do not believe they would. In view of the present ownership—and I think this same line of ownership will always continue—with the vessels and the commodities and everything that goes to make up the lake traffic, I should say no. It would go entirely to the transporters of the commodities, who own the vessels as well.

Representative MINOR. Is there any difference in the cost of operating American vessels and Canadian vessels at this time on our Lakes?

Mr. WOLVIN. Oh, yes.

Representative MINOR. Then Canada would have that advantage over us too.

Mr. WOLVIN. Yes.

Representative MINOR. You would give her access to our ports?

Mr. WOLVIN. Yes, sir.

Representative MINOR. Well, Captain, you are better informed than I am, but the proposition strikes me as a little strange.

Mr. WOLVIN. It is, perhaps, a broad proposition and a bold assertion, but you must remember that here in the lake trade we have a large proportion of tonnage that would be far more adaptable to the Canadian coastwise business than their tonnage is to ours.

## WHAT WOULD BE THE EFFECT?

Representative MINOR. Suppose your ideas were carried into effect, wherein would our country be the gainer? You thought it would be advantageous to us as well as them.

Mr. WOLVIN. Yes, sir. Within five years the wheat center of the world will be in Winnipeg. The northwestern territory, as the great wheat-growing area, is rapidly losing ground. The high-water mark of shipment from Duluth, according to my recollection, is about 75,000,000. I think in five years from now the Canadian Northwest, through Fort William and Port Arthur, will ship double that amount.

Senator PENROSE. I think the city of Winnipeg now exceeds any other single point in the United States.

Mr. WOLVIN. As a wheat center?

Senator PENROSE. Yes.

Mr. WOLVIN. It is pretty near a tie.

Senator PENROSE. I was up there last summer, and I think I saw that statement.

Mr. WOLVIN. Yes, sir. That vast volume of wheat is being grown, produced, and shipped through new territory. As it is to-day, we get quite a proportion of it from Fort William to Buffalo to export.

As the years go on we are going to lose that very rapidly indeed. My suggestion as to reciprocity was with the thought that along some line something might be done to preserve to the United States lake trade that business. Imports into the St. Lawrence River will go into the northwestern territory as well as into the northwestern States. They are going to very materially increase. That is due to the fact that until less than a year ago there was always a differential in both export and import freights into the St. Lawrence over the United States Atlantic seaboard ports. This year the steamship lines at St. Lawrence have practically met the United States seaboard port rates. In fact, we are booking freight to-day in large quantities through our St. Lawrence Transportation Company via St. Lawrence ports at the same rates we got to New York, Philadelphia, and Boston. They are frequently below New York. That shows the trend of the trade. It shows they are preparing in a way to handle this Canadian business.

Senator PENROSE. Do you think an effort to bring about reciprocal navigation laws with Canada would meet the indorsement of all the persons engaged in the lake carrying trade?

Mr. WOLVIN. I never made the suggestion until this meeting, Senator.

#### A NEW SUGGESTION.

Senator PENROSE. It is a very novel suggestion, and your remarks have been extremely interesting.

Mr. WOLVIN. It has been running in my mind, especially for three years. We have been engaged in that service for three years. We are practically the only owners in the States operating through that territory, and I have made a very careful study of it. I have felt, from that fact, that perhaps I was better prepared to express an opinion, and that really is my conclusion. It occurred to me a year ago. I am in Canada a great deal. I talk with the members of the cabinet and the shippers, everybody who is widely interested in this question, and that is my conclusion—that if something were possible along the lines of reciprocity, in so far as the coastwise laws are concerned—not any further—I believe the United States would be the gainer.

I am speaking, of course, for the lake trade. That is where I am identified, where I am interested.

The CHAIRMAN. Have you anything further, Captain?

Mr. WOLVIN. I have nothing further. I am much obliged to you, gentlemen.

#### STATEMENT OF I. J. MASTEN.

Mr. MCNAIRY. Mr. Chairman, the next gentleman to address you is Mr. I. J. Masten, the business agent of the Musicians' Union.

The CHAIRMAN. Will you state to the Commission what your business is, Mr. Masten?

Mr. MASTEN. I am a musician, sir.

The CHAIRMAN. Whom do you represent?

Mr. MASTEN. I am one of the delegates of the United Trades and Labor Council.

The CHAIRMAN. Proceed, Mr. Masten.

Mr. MASTEN. Mr. Chairman and gentlemen, the United Trades and Labor Council of Cuyahoga County has sent us to represent that body, which itself represents 150 local organizations with an aggregate

membership of approximately 20,000 men, from almost every known branch of labor, skilled and unskilled. To fairly speak for so many, each of whom has ideas of his own, of which he is more or less tenacious, presents no small embarrassment. Our glasses do not all focus alike, and like unto the rest of the world, the lenses of our spectacles are not all even of the same color, and your specs, gentlemen, may not be of the same make as ours. But however varied the focus, lens, or point of view, we stand with you as citizens of the Great Republic, and anything that makes for her good we favor.

Within the memory of many men, probably some of you, a common toast was, "Our American merchant marine: It carries our flag on every sea, to every port." It was not an idle boast. It was a substantial fact. If given now, it would be less than a boast; it would be a dream. That every American wants our merchant marine to win back its position at the head of the parade goes without saying. What cause or causes led or helped to its decline? What can be done to win back its former proud position? Since the time of our little family difference in the sixties our merchant marine has been growing beautifully less and less. The reasons given are many. One often given is that the substituting of iron and steel for wood gave Europe, especially England, great advantage, as at that time our iron and steel industry was but an infant (it is a lusty youth now). Another might say that the laws looking to the betterment of the conditions for sailors as to food, pay, quarters, treatment, etc., making his condition more in line with the American idea of living, had much to do with it, as owners, not liking to be dictated to, hoisted another flag and registered their ships in some other country. Another class say organized labor is the guilty party. We hear a lot these days about that—more or less true, more or less fanciful, according to the point of view. We may almost imagine that if one of you honorable gentlemen were to ask, "Who killed cock robin?" some cheerful wise man (?) would bob up and sing, "Organized labor; he killed cock robin." But I am not here to justify or excuse or apologize for organized labor or to dissertate on the conditions which necessitated, or seemed to, organized labor; but assure you if its foundation lies in error, it is of the judgment, not of the heart.

Another reason often given is that capital can get better return in other avenues than in foreign shipping. It is not necessary to appoint a commission on that. In any honest employment 12 per cent will invite and entice over 6 per cent. You would succumb, and so would I. Whatever the cause or causes may have been, gentlemen, the fact remains our foreign merchant marine is practically no more than a name. It is a fact and not a theory that confronts you and all of us, and it is up to the Congress of the United States to find a way out of the difficulty.

#### ALL WANT AMERICAN SHIPS.

No American worthy of the name dare say that he does not wish, hope, even pray for the day when the Stars and Stripes may be a familiar sight in every commercial port in the world, and that flying at the staff of other than a vessel of war.

The subsidy idea is not a popular one with our people. The sound is bad. We are not prepared to say it may not be a wise expediency. In my personal occupation we have the subsidy question rather strong from the Government and many other sources. As unsubsi-

dized musicians we can not well compete with the musicians of the Army and Navy, who have fair pay, good eating, and sleeping at Government expense. Perhaps the American merchant marine, floating on its own bottom, is under like embarrassment in competing with the shipping of other countries enjoying some governmental subsidy.

Give any set of men (I care not of what business, trade, or profession) a subsidy—a bonus over the ordinary market price—and they will at once make things lively for their competitors. By reason of the bonus they can underbid their competitors, and at once the prices tend downward. It should not be so. The ones with the bonus can better afford to uphold wages, but there comes in man's innate selfishness—anything to keep the other fellow from getting it.

The principle works the same either as individuals or corporations. Many argue that some nations subsidize their ships, so must we, so they can carry freight cheaper than the others, or at least be on a parity. What is to hinder the other nation increasing their bonus a little more than ours? Then we would have the same condition as now and would be compelled to see each raise or get out of the game, but as an individual I would say no, and for organized labor I would say that no nation has more to give or is more liberal with its gifts when started than ours, and if it came to a question of generosity, the muscle of America asks—nay, it would accept—no odds of the world.

A tariff accommodation is in principle about the same as a subsidy, almost "a distinction without a difference." Our competitors could easily offset our tariff by simply placing an export duty equal to our tariff accommodation, and there you are.

The private citizen who for some reason may be compelled to seek aid from the public to enable him to keep in the business of living is subsidized when he receives a barrel of flour or a ton of coal from one of our charitable institutions. And in this and other cases our captains of industry who wish to go down to the sea in ships are asking the people for a ton of subsidy or a barrel of tariff so they can underbid and do some other captain of industry out of the sea trade. The producer must ultimately pay the bill in either case, whether Congress should pass a differential tariff or a bill "to subsidize our merchant marine." If in order to restore our merchant marine it is necessary to subsidize it, let us at least have it a self-respecting corpse. But do not understand us as saying that it may not be the most feasible scheme, at least temporarily. We only say the idea is not pleasant, but it may be the bitter medicine which will work the cure. If so, give it to us.

If the difference of cost of operating an American ship and a foreign one is from 30 to 40 per cent, and to enable the American vessel to run the public must pay the difference, the public is out the 30 or 40 per cent, and Mr. Steamboat Man will pocket the coin, wink the other eye, and build another boat; but let it be so if necessary. Mr. Public will scratch his head, spit on his toil-stained hands, and proceed to dig (but perhaps with a growl) more wealth out of good old mother earth, so he will be able to pay the next barrel of subsidy or tariff, as the case may be. But if the goods are worth it he will pay the price. We believe they are.

There is one thing to be remembered. The wages wanted by capital and the wages wanted by American labor have had somewhat, even much we believe, to do with bringing about this condition. Surely the labor does not receive any too much as the case stands. We some-

times feel that if capital were as easily satisfied, the Stars and Stripes might not have so nearly disappeared from foreign ports.

We sometimes feel, either justly or fancifully, that some captains of industry would like to have American labor gauged by the Chinese standard, but talk to them about gauging profit by the Chinese standard, and then listen.

From my few and limited observations on the Pacific I learned that the Chinaman is the pet of the shipper. He is the sailor, cook, chambermaid, etc. We have no grudge against John Chinaman, but it is very evident that the reason he is wanted so fondly there is that he will accept terms, conditions, and treatment that no American will stand.

Is there a son of these States who reads of the days of '76, of 1812, the clipper ships, or of '98 who is not proud? We want now the same character of man-of-war's men that we had then. We want the same sailor man now that we had then, for he was ever a good citizen and a good fighter. We can raise him on the farm and in the shop. We can't train him there, but he can be trained in the merchant marine.

#### OUR SAILORS THE BEST.

But, gentlemen, we can not, we fear, aid you greatly in coming to a correct solution of the question. We are all conscious of the fact that a great nation—the great nation—with a seacoast greater than that of any other, with exports of upward of a billion and a half yearly, accepts a beggar's pittance of freights. The pity of it! We are not lacking in money, brains, or brawn. Our natural resources are second to none. Our ingenuity and tact may not be compared with any. Our sailors are the best in the world, whether they pull a bell, handle a line, train a gun, or splice the main brace.

How shall it be done? We can not say, and our apology is that when a great political party, whose boast or pride it has been that it has always conserved American institutions, could only say at the beginning of a national campaign, "We believe in legislation which will encourage our foreign merchant marine," but without any intimation as to what that legislation should be, we plain, every-day laborers, skilled and unskilled, can only say to you and to the Congress of the United States, "You point the way; we will back you."

If a subsidy will put it on its feet, organized labor will stand for it, although they do not like the word. Discriminating duty sounds better, although there is no great difference between them, but by whatever means it is nursed, it is our judgment that it will soon learn to walk alone.

You ask the cause of the decadence. We can not tell you. You ask us, How shall we rehabilitate it? We answer we can not tell you. We ask, We have the right to expect that Congress will find a way and do it. We only place one limitation: Don't pay too much for the candle. If, in the accomplishment of a purpose which all wish, some few get a special benefit, that is their good fortune, but do not take from all for the benefit of the few without a commensurate return to the nation in national honor and to the people at large in common good. [Applause.]



**STATEMENT OF ROBERT BANDLOW.**

**Mr. MCNAIRY.** The next gentleman to address you is Mr. Robert Bandlow, manager of the Citizen, the official organ of the United Trades and Labor Council.

**Mr. BANDLOW.** Gentlemen, in coming before the Commission to speak in behalf of the organized workers of this city, I want to say as emphatically as I possibly can that it has been the consensus of opinion in organized labor circles that we are opposed to subsidies in any form. You may well ask, Why should organized labor take a position of that kind, when, apparently, in aiding people in their particular commercial pursuits the labor forces might be benefited?

If you have followed carefully—and I believe you have—the statements made by Captain Wolvin this afternoon you realize that you can not, under the conditions presented here, do anything to favor organized labor by legislation outside of that which takes from people special privileges. We find that the coastwise trade that has been practically in the hands of American capitalists, and is yet in their hands to a large extent, seeks foreign bottoms to accomplish its purpose; and why? Because they employ cheap labor. You create conditions of reciprocity. You open your ports to the Canadian ships, as we wish their ports open to us, and they practically are. They have circumvented it by going under a foreign flag, and with great profit to themselves. If an American capitalist can ship goods under a Swedish flag at a cost of \$100, it is not likely he is going to ship those same goods under the American flag at an expense of \$150. If you are going to subsidize these people and make it worth while for them to use the American flag upon their marine, it is only a question of time when you will have to tax yourself out of your possessions to meet their demands.

It is not so very long ago that we nurtured infantile industries, and to-day they are pretty lusty chaps. Congress, I believe, has been called upon to curb them by legislation. The present President of the United States has called upon the Attorney-General to proceed. Not very much has been done, and it is not likely that much will be done. The interests, gentlemen, are simply capitalism, commercialism, as against the people. The people are the workers, and as long as you have not a condition in which the workers are entitled to receive the full product of their toil no legislation of whatever character is going to give relief to them.

I can realize how the gentlemen coming before you in the various cities, those interested in these various industries and pursuits, would like to impress upon you the necessity of legislation that would ease their position. Now, these gentlemen are engaged in business for profit. They are not engaged in business for the love of it, and if there is no profit in the undertaking they will drop it just as it has been dropped in the foreign marine trade. If we look for a cause, we find it in our American laws. In looking over Mr. Wells's edition I find some clauses to which I would particularly draw your attention; for instance, United States Statutes, sections 4132, 4134, 4133, 4131, 4147, 4165, 3114, and 4136. There we find sufficient reason for the decline of the American merchant marine.

The legislation adopted has been practically of a restrictive nature to the capitalist, and the capitalist always looks for a wide range of

operations. If you curtail him in any way, he is going to stop, and in a country like ours, with so many and so large resources, it is not necessary for him to take up that particular line.

#### WHAT IS THE NEED OF FOREIGN TRADE?

But let us look at it in a different way. What is the necessity of taking from the domain of the United States that which is produced by the workers? Why not let them consume upon their own soil that which they require? You would not for a moment undertake to say that that which is produced upon American soil can not be consumed there were the people in a position to do so. Were the millions of men who are to-day temporarily and permanently idle placed in the position of applying their labor, they would be in a position also to consume the goods that are now created under the changed conditions by the machinery that is used in the production of things in America.

Captain Wolvin has pointed out the fact that the grain trade within a few years will go from the Great Lake ports up through the Canadian district; and why? The United States has become, just as England has been, an industrial country. Agricultural pursuits are no longer carried on here to any great extent. They do not offer sufficient profit, and the great territory in the Northwest will be utilized by the capitalists who realize that there is profit in it, and the grain must be raised somewhere. It will be raised there. English capitalists have not been so foolish as to give into the hands of others the privilege of carrying things. You see it largely in the adoption of their rules that make it easy for everybody to exchange their products. They have thrived under the free-trade policy because they have realized that as long as they can get their products out into the world something is going to come back for them of benefit to their people. If you are going to tax people for that which they bring into this country, the people have got to work so much harder to secure that which they are taxed to use.

These are the propositions that lie before you, gentlemen. I am satisfied, so far as I speak for those who are of like sentiment with me—the organized workers—that no legislation of a subsidiary character can give relief to the working class, and I speak for the working class. If you can build ships that carry guns and sailors to protect Americans that are commercially engaged in foreign countries, build these ships, and let them be used by American shippers as well. It would be a great deal better to have a man aboard a ship with a useful occupation than to have him standing there ready to murder some one at the behest of protection.

You may think this is not germane to the question, but I believe it is essentially so. I believe the time has come when the organized workers should make known their position. They do not believe any privileges should be granted to nurture other industries as those have been nurtured that bring them down to competing with foreign labor upon the basis that the capitalist wants to involve. If the capitalist wants to make a paying investment, he goes where he can find it, and if he can not find it upon American soil it does not take him long to go over into England, into Russia, into China, into Africa, or anywhere else. They will find their pursuits there, because it is of advantage to them, and capitalism, in that respect, is international. The laws that must be made, the laws that will be made in the future,

will be with a view of placing the American people in a position where they can consume the products that are made upon American soil.

I thank you, gentlemen, for the hearing you have given me.

The CHAIRMAN. Before the next gentleman is called I wish, for the information of the gentlemen present, to state that in several cities we have interrogated shipbuilders and shipowners and bankers in reference to the matter of free ships, and the shipbuilders and shipowners in every instance have said they could not possibly operate them if they were given the opportunity to purchase ships abroad without any embarrassment whatever; that the additional cost of operation and the subsidies granted by other governments would be as effectual a bar to their operation as the existing conditions are. So that we have found no encouragement whatever from capitalists and from shipowners and shipbuilders along those lines.

As to the general question of free trade, that is a matter for each individual to settle for himself. If England is prospering under free trade, Churchill has not discovered it; and the great city of Leeds, England, with 300,000 people, where it is said not a single working-man owns his home, is an illustration that would refute that doctrine.

#### STATEMENT OF CHARLES VAN DRUVER.

Mr. MCNAIRY. I will next call upon Mr. Charles Van Druver, president of the Cleveland lodge, representing the Brotherhood of Boiler Makers and Iron-Ship Builders of America, to address you.

Mr. VAN DRUVER. Mr. Chairman and gentlemen, I would like to request that the secretary read the paper I have here. It is not very long.

The CHAIRMAN. Certainly. I will first ask you what is your present business?

Mr. VAN DRUVER. Boiler making and iron-ship building.

The CHAIRMAN. You represent that organization?

Mr. VAN DRUVER. Yes, sir.

The CHAIRMAN. We had some of your men before us, I think, in one or two other cities.

Senator PENROSE. We had some of them before us in Chicago.

The CHAIRMAN. The secretary will read the paper presented by Mr. Van Druver.

The secretary read as follows:

Mr. Chairman and gentlemen of the Merchant Marine Commission, we stand before you as representatives of American labor and we ask for the passage of a bill through Congress that will cause the building in American shipyards of the vessels required for our over-sea trade. Congress has for nearly a half a century encouraged and maintained foreign shipping in our foreign trade through its refusal to protect American ships in that trade. Hundreds of millions of dollars of American money has been exported to pay aliens to build the millions upon millions of tons of foreign ships that have been and are now employed in doing the bulk of our over-sea carrying. We ask you to reverse the policy and protect American shipowners, American shipbuilders, and those whom they employ, to the same extent that by your inaction and neglect you have so long protected foreign shipowners, foreign shipbuilders, and the aliens whom they employ.

## THE VOICE OF LABOR.

We represent the Brotherhood of Boiler Makers and Iron-Ship Builders, an organization affiliated with the American Federation of Labor. We have a membership of 40,000 American workingmen, with over 500 local lodges in as many different parts of the United States. About one-half of the members of our brotherhood are seeking employment at their trade, the depression in which is due to the fact that the ships employed in doing our foreign carrying are built in foreign countries by foreign labor. And we are but one of a number of labor organizations whose members are largely if not wholly dependent upon American shipbuilding for work at their trades.

The wages that we receive when we have work are the wages that are paid to skilled mechanics employed in similar industries in the United States, and they are no more than are necessary to enable us to live as becomes American citizens. We will submit to no reduction in the wages we receive in order to have ships built in the United States, and least of all will we accept the wages that are paid in foreign shipyards, which do not exceed one-half of the wages that we are paid.

## AMERICAN WAGES MUST NOT BE CUT.

The remedy for the decline in American shipping must be one that shall leave unimpaired the rates of wages paid in American shipyards; that may as well be understood in the beginning. We know that there are many American workingmen who are steadily employed at their trades and receiving the American scale of wages because the product of their labor is protected by acts of Congress against the free competition of the product of foreign labor. We are convinced that, were it not for the protection which Congress has seen fit to give to the product of American workingmen, fully one-half of those who are now steadily employed would be, like we are, seeking work at their trade. We ask no more than you accord to other American workingmen in the matter of protection, and we assure you that we shall accept no less. The product of American shipyards must be protected against the competition of the product of foreign shipyards, precisely as the product of American labor in other industries is protected against foreign competition.

## NO PROTECTION NOW FOR SHIPBUILDERS.

It will not do to say that foreign ships may not obtain American registers, and assert that this is prohibitive protection in favor of American-built ships, so long as foreign-built ships are permitted to enter our ports and engage in our deep-sea carrying upon terms of absolute free-trade competition with American-built ships. There is no protection for American shipbuilders when the product of their labor is compelled to meet the product of foreign shipbuilders upon terms of free-trade competition. No man will invest in an American-built ship, costing from 25 to 40 per cent more to build than a foreign ship costs, and then attempt to run her in free-trade competition with foreign ships. More than a full generation of trial has shown that such competition is a continuous failure. When it is shown, as it can be, and as it doubtless has been to the entire satisfaction of every member of this Commission, that the cost of operating an American ship is much greater than the cost of operating a competing

foreign ship, it must be still more plain to you that there is nothing to attract capital into American-built ships for the foreign trade. But, when to these two items of construction and operation expense is added the further handicap of Government aid extended by foreign Governments to the foreign ships that compete with our own, is it necessary for you to inquire why it is that we have but one ton of American shipping in the foreign trade to-day under the American flag where we had three tons forty-three years ago.

EVERYBODY ELSE PROTECTED.

It has been the policy of the United States during practically the entire lifetime of every mechanic actively employed in the United States to-day to protect him against the competition of foreign labor in foreign countries—every mechanic save alone those employed in shipbuilding for the foreign trade. You can not expect American workingmen who are employed in the building of ships to accept a rate of wages only one-half that which they now receive—only one-half that received by their fellow-workingmen in other trades, even if such wages are the total received by the workingmen employed in foreign shipyards.

Congress, by its protective policy, has created and maintains a condition in the United States which must be uniform to be just. So long as it says to me and to the men of my craft that we can not enjoy the same measure of protection that our brothers who are employed in other industries enjoy just so long Congress will continue to investigate the decline of American shipping and seek remedies for its revival. The only remedy is equality of condition for the product of our hands with that produced by the hands of workingmen in the protected industries.

PROTECTION MUST BE UNIFORM.

For nearly a century Congress has excluded foreign-built vessels from our coastwise trade, and in order for those seeking to engage in that trade to get the vessels they need they must apply to American shipyards. When they get there they must pay the American scale of wages, rates on a par with those paid to other workingmen in other protected trades. In that branch of the industry you long ago created and have ever since maintained a protective condition. Now, gentlemen, do you think that you can induce American workingmen to go into American shipyards and build ships for the foreign trade at one-half the wages that are paid to the men who are building ships for the protected coastwise trade? Certainly not. It must be clear to you that you have created and long maintained a condition of partial protection to which you have been striving for over forty years to adjust a condition of free trade, and of course it does not work. You can not expect it to work. You have got to make the protective policy uniform in our shipyards. The product of our hands must be protected just the same when it is to engage in the foreign trade as it is when it is to engage in the coastwise trade. Either that or else free trade all along the line. But I am sure that none of you expect to find a remedy for our shipping decline through free-trade channels.

Look around you in this Great Lakes country and see the splendid shipyards and the magnificent shipping, all the product of and giving employment to American workingmen, and remember that it is due

to the exclusion of foreign vessels from participation in our trade. It has been reserved for our own people, and it has grown great and prospered as a consequence. Here we build ships for just one trade—a protected trade—and the men employed in the shops and yards receive the full standard of American wages. They will accept nothing less. Do you think that other American workmen, employed in other American shipyards, even in the building of ships for the foreign trade, will accept less wages than we receive? Of course you do not. Protection is universal in our trade up here, and it sets the standard for the whole country. So, you must see, Congress has created a condition of protection in shipbuilding that governs the whole industry. It is prosperous where it is protected; it is a failure where it is unprotected.

#### ONLY ONE WAGE SCALE.

To-day I may be employed at American wages in the building of a vessel for the coastwise trade. Do you think that to-morrow I will accept the foreign rate of wages because my employer puts me on a ship building for the foreign trade that will be compelled to compete under free-trade conditions with foreign ships? Certainly not. Do you think in one shipyard on one set of ways there will be a gang employed in building a ship for the coastwise trade at the American rate of wages, and on another set of ways another gang will be employed in building a ship for the foreign trade at the foreign rate of wages? Of course you do not. Do you think that in a boiler shop one set of men will work for foreign wages in building a boiler to be put into a ship for the foreign trade, and right next to them another set of men will receive American wages for building a boiler to be put into a ship for the coastwise trade? The condition you have created in our coastwise trade conforms to the general conditions that obtain in all of our land industries, a protective condition, and it is impossible to expect that you can establish a successful branch of the same industry under free-trade conditions. The result of such efforts has been to exclude from our shipyards the building of ships for our foreign trade.

#### CONGRESS HAS FAILED OF ITS DUTY.

Rather than extend the protective principle uniformly to our shipbuilding and shipowning interests, Congress has evaded its plain duty, and the men of my craft who are seeking work at their trade are the sufferers for it.

What is there about our coastwise and domestic trade that justifies Congress extending and maintaining the protective system that it has so long maintained, and at the same time justifies the denial of protection to our ships engaged in the foreign trade? How can you look upon our prosperous protected coastwise and domestic shipping, and watch its growth, and not realize why it is that our shipping in the foreign trade, which is subject to free-trade foreign competition has shrunk and declined? If you look for a prosperous American shipping upon the seas in free trade and unprotected competition with foreign shipping, under the protective conditions you have created in our coastwise trade and our land industries, you are looking for the impossible.

## A PLEA FOR AMERICAN SAILORS.

Face to face with these facts, as you must have been during the course of your investigations, perhaps some of you are considering why you may not import foreign ships and place them under American registry. You may think that you can by this method at least overcome the higher first cost of building ships in American shipyards. But as you reflect upon that line of policy its impracticability must be manifest. It must be clear that you can not, by increasing the free-trade conditions of competition, establish in a protective country a prosperous industry. It will be no more possible by free ships to establish an American shipping in the foreign trade than it will be to make oil and water mix. Even if you had free ships you would still be confronted with the obstacle of higher cost of operation under the American flag. To overcome this would you advocate allowing aliens to command and officer the ships? Would you diminish the quantity and consent to an impairment of the quality of the food served on board American ships. Would you conform the food scale to that of the most poorly fed of all of the ships with which our own compete? And yet can you contemplate with favor the idea of protecting American officers and seamen on board American ships and at the same time deny protection to our workmen in the shipyards? Are the men who officer and man our ships any more deserving of protection than those who build them?

## LABOR'S INTEREST GREATER THAN CAPITAL'S.

Look at this problem as you may, gentlemen, it must be clear to you that there is but one course for you to pursue; you must devise a method of protection that shall be practical and effective, which will overcome the adverse conditions under which ships are built in the United States and operated under the American flag in competition with foreign ships. Until you completely abandon the protective policy there is no other way by which you can have an American merchant marine in the foreign trade than by protection. You have free-trade competition between American and foreign ships now in the foreign trade, and that competition has been destructive of American shipping. Protection, therefore, is the only remedy applicable to existing conditions in the United States in the shipping industry.

Finally, it must be clear to you all that American labor is more deeply concerned in the successful conclusion of your investigations than any other class of citizens. Capital can find innumerable ways for safe and profitable investment, and you need not concern yourself with its needs. When you are told that those who are seeking protection for our shipping in the foreign trade are seeking to still further enrich those who are already wealthy—that the demand for protection comes from capitalists and corporations—remember that the statement is untrue, that so long as you deny protection to American shipping in the foreign trade so long you deny employment in American shipyards for American labor. If you fail—if you do not apply a remedy that will be successful—remember that your failure will continue and perpetuate the protection the aliens who now control the building and operation of the shipping in our foreign trade have so long enjoyed. The issue is distinctively and only one between foreign and American labor. [Applause.]

Mr. VAN DRUVER. I thank you very kindly, gentlemen.

## STATEMENT OF F. E. CASE.

Mr. MCNAIRY. The next gentleman to address the Commission is Mr. F. E. Case, of Canton, Ohio.

Mr. CASE. Mr. Chairman and gentleman of the Commission, when the invitation came to me some days ago to appear before the Commission it was with the suggestion that I should give some of the experiences of an exporter of American products to foreign marts.

As a manufacturer of dental chairs, I have had considerable experience in shipping in small quantities to remote parts of the world. We ship sometimes in considerable quantities to the larger commercial centers. We ship in carload lots to London and to Melbourne, but the great majority of our shipment is in small quantities—a dental chair, for instance, to any remote part of the world.

Now, that is a class of business that I think you will all agree it is very important to encourage in this country, because the product is so largely composed of labor. The raw material that goes into it would form a very small part of the cost of the article itself. In the experience of some fourteen years which I have had in shipping to foreign parts I have experienced a good deal of difficulty in getting rapid transit.

It was only a few years ago that the different competing railroad companies in the country sent very inviting agents out to solicit trade for their particular lines. The trans-Atlantic lines, the Southern Pacific, the Union Pacific, the Missouri Pacific and all those lines seemed to send out agents, each of whom had some special inducement for his own line. It was not in the matter of rates. The rates were practically the same, but they said they could give us more prompt delivery. They showed us the continuity of line from here to the destination. But this is not so when we come to foreign shipments. There seems to be no continuity of line. We ship from Canton, Ohio, to the seaboard mostly over the Pennsylvania line and the Baltimore and Ohio line. Our freight is there taken up by the ocean transit companies and it is passed on from one to another. There is no continuity whatever. That drives the small shipper to the employment of forwarding agents, and when you come to look into the great export centers for forwarding agents you will find that nine-tenths of them are representatives of foreign companies; and when a foreign agent takes up our articles of export he will naturally turn them over to the companies of his own country. It stands to reason that he would do so.

## A CASE IN POINT.

At one time I had this little experience. I undertook to make a shipment from Canton, Ohio, to Geneva, Switzerland, which would naturally be supposed to be a very simple matter. I did not employ any forwarding agent. I turned the shipment over to the Pennsylvania Company. They billed it through to New York, and it was shipped from New York by way of the Red Star Line to Antwerp. Instead of reaching its destination, the shipment was held in Antwerp for Belgian customs duty and was sold. Neither the consignee nor the shipper ever received any notice of it. The shipment was sold for a trifling sum at Antwerp, simply because there was no continuity of line—no continuous line. If I had turned that shipment over to a forwarding



agency, that agency would have been responsible, and the shipment would no doubt have reached its destination. That was an isolated instance, the only one that has ever occurred in my business. The Red Star Line undoubtedly should have been responsible to me for the value of the shipment, but a long controversy followed, and nothing came of it.

#### NEED OF CONTINUOUS LINES.

Now, it appears to me that in the interest of foreign commerce, if American-built ships were put, as they naturally would be, under the Department of Commerce and some greater effort were made to get competing lines to have connections to all the remote parts of the world, a great step would be made in the line of carrying commerce in our own home-built ships. Our Department of Commerce and Labor is certainly not going to work in the interest of foreign-built ships or of foreign transportation companies. It is going to work in the interest of our own companies.

There may be a difference of opinion as to whether ships should be subsidized, whether there should be a differential duty or a preferential duty. Those things may cause a difference of opinion. But there can be, it appears to me, no difference of opinion upon this proposition: That so far as the Department of Commerce and Labor is concerned its whole energy and effort would be to turn American shipping in the line of American ships. Now, how can that better be promoted than by forming a continuous line, requiring these American ships engaged in American commerce, so far as governmental authority can be exercised, to provide themselves with foreign shipping connections, so that when you turn over to them a shipment it shall reach its destination? Anybody can ship now over any little railroad line in this country. It may be a short line, but it has its connections, and there is a sort of uniformity about shipping on the railroads. You ship by one line, and that line turns the shipment over to another line, and that to another line, and the shipment is sure to reach its destination; but in foreign commerce, unless you employ these forwarding agencies, the conditions are entirely different.

It appears to me that the experience of small shippers would indicate that a great deal might be accomplished in furtherance of the interest which you are seeking to promote by insisting upon American ships forming connecting lines, no matter how they shall be protected or how they shall be encouraged, so that we should not be dependent upon a forwarding agency. It is not a question of freight rates alone, because there are very many ways of tolling foreign commerce beyond the mere freight charged. You ship to London and the toll in addition to the freight is very light. You ship to any part of England and it is the same; but when you get into those remote districts, where we are seeking an outlet for our trade, you will find that there is a heavy toll placed upon all American commerce in addition to the freight charged. There is the port duty, the inspection duty, and the forwarding agent's commission. Our American commerce is laboring under a disadvantage in that respect.

If foreign connections were required before these companies should receive any substantial benefit, it would not only inure to the advantage of the shipper, but it would inure to the advantage of the commerce you are seeking to promote.

## FORCED TO SHIP FROM FOREIGN PORTS.

It was stated that I was to give more particularly my experience. I have had a good deal of difficulty in getting these shipments forwarded without great delay. I have had shipments lie for months in some seaport town because the forwarding agent had no agency there; and I have indeed found it sometimes an advantage, in shipping to some of the remote parts of the world, to ship first to London and have the shipment go out from London or Liverpool. We can often make better time by sending our products right to London or Liverpool and having them forwarded there, because of the better facilities for shipping from those points and the better attention that the forwarding agents give.

This is a matter that is worthy, it seems to me, of the attention of your Commission. Beyond what I have stated I do not know that I have any personal experiences to relate, and I am not here for the purpose of arguing the pros and cons of the complicated questions that are submitted for your consideration. [Applause.]

Representative GROSVENOR. I want to ask you, Mr. Case, whether you found that the troubles usually began when you struck a country that owned its railroads? You spoke of Antwerp, for one.

Mr. CASE. Yes, sir.

Representative GROSVENOR. There you found Government ownership?

Mr. CASE. Yes; the Government owns its own railroads.

Representative GROSVENOR. And you had no redress except through the State Department?

Mr. CASE. Through the State Department; that is all.

Representative GROSVENOR. You could not sue a railroad company over there if they lost your trunk?

Mr. CASE. You could not sue the Government; no, sir.

Representative GROSVENOR. And is not that true of every possible species of transportation, wherever you have found a government railroad, whether it be in regard to the subject of freight or passengers or baggage?

Mr. CASE. We have since that avoided Belgium, and we have avoided the Red Star Line. We have shipped nothing over the Red Star Line since that time, although our shipments are considerable over the other lines. In France we have had no trouble of that kind. Our shipments are forwarded through a forwarding agent.

Representative GROSVENOR. There the government owns a portion of the lines.

Mr. CASE. Yes; they are gradually acquiring the railroad lines, but they are not yet fully under governmental control. We have had no trouble in that respect, however, in France. I do not know of my attention having been called to any difficulty except in the case I have mentioned in forwarding by government lines.

The CHAIRMAN. We are very much obliged to you, Mr. Case.

## STATEMENT OF F. F. PRENTISS.

Mr. MCNAIRY. Mr. F. F. Prentiss; of the Cleveland Twist Drill Company, manufacturers of twist drills, will now address the Commission.

The CHAIRMAN. Mr. Prentiss, will you state in what business you are engaged?

Mr. PRENTISS. The manufacture of small tools, twist drills, tools used in machine shops, by engineers, shipbuilders, and others in various parts of the world. I might say that this is an American invention. It was invented some years ago and is now used in all parts of the world. We have competition from Europe and Japan.

Mr. Chairman and gentlemen, last September Mr. Bailey and I started to take a trip around the world. As we left New York City Mr. Bailey called out to a friend, "I am going to hunt for the American flag and a whale." Mr. Bailey pursued that hunt days and weeks, and it went into months. We passed around Europe, around India, through the Straits of Malacca, around Singapore, and at last we came into Hongkong, and there we saw for the first time the American flag, five months after we had left New York City. Some few weeks later I pointed out a whale to Mr. Bailey. We happened to be going from Honolulu to Hilo, and there we saw a whale, so he had completed his quest. I have traveled in a good many foreign countries and made a good many trips at sea, covering some twenty years. I have been around the world three times, and I can not recall ever meeting the American flag on the high seas.

Our foreign commerce with Great Britain in 1902 was, in round numbers, \$970,000,000. This enormous product of American brain and energy was distributed throughout Europe because of the shipping facilities. That was one of the prime reasons that enabled us to market this product in Europe. The same year we sold in Canada \$110,000,000 worth of product for practically the same reason. In addition to that we were contiguous to Canada, but we had good shipping facilities.

#### TO EUROPE TO REACH SOUTH AMERICA.

I want to call your attention to the conditions in South America. I was there several years ago, and the conditions impressed me very strongly. I had to go via Europe to reach South America. The first port at which I stopped—Bahia—and the situation was the same at Rio Janeiro, Montevideo, and Buenos Ayres, and at every city where I attempted to market my goods or inquire about the condition of business—I ran against the transportation problem. It was the serious thing that handicapped me in my business, and it handicapped others whose volume would be ten times mine if they had proper facilities.

The State of Sao Paulo, in Brazil, is the coffee State of Brazil. It is the greatest coffee district in the world. The city of Sao Paulo is a beautiful place, and is the most progressive city in Brazil. It is lighted by electricity, and the street cars are driven by electricity that is generated by the Sao Paulo Light and Power Company, which is a Canadian and American institution. They dammed up a river and established a power plant there representing 25,000 horsepower. The investment is \$5,000,000. Almost all of the electrical machinery and the turbine wheels came down in a cargo, but there were odds and ends, little things, that they were unable to get there on time, and these had to be ordered from New York. Invariably they came via Europe, by Germany or by Great Britain; and the manager of the company, in talking to me, said that he was caused a great deal of annoyance, to say nothing of the loss of time, by the inadequate shipping facilities. That was an illustration of the very thing I met with in the course of my business in all of the cities on the eastern side. The port of Santos, which is the shipping port for the coffee-

fee, had sent during the previous year, 1900, \$76,000,000 worth of coffee to New York City, and they had nothing to bring back.

#### NO AMERICAN COMMERCE.

We crossed over to the Pacific side, and the conditions were much the same. There was a slight improvement because of shipping facilities across the Isthmus of Panama. At that time they were advocating the Panama Canal, and they spoke of the immense advantage to the Pacific side if the canal was put through. At every port at which we stopped, and there were some 22 between Valparaiso and Panama, we discharged goods used in South America, but the bulk of them were sent over from Great Britain or from Europe. There was nothing from the United States. I was in four different vessels on the two coasts, and at no port did I see any American goods being discharged, although the United States is nearer the South American countries than any other of the commercial countries of the world.

At Lima, or just at the coast, at Callao, we saw the famous Oroya Railway, constructed by Mr. Meigs, the well-known American engineer. It is the most wonderful feat of railroad building in the world. It climbs the Andes to the height of 15,700 feet. Almost at the summit is a smelter, which is managed by an American named Captain Guyer, a veteran of the civil war. It may interest you to hear that there is a Grand Army of the Republic post at Lima, Peru. I think they call it "Sherman's Bummers," and there were eight active members of it in 1901. Well, the grievance that Captain Guyer had against our country was the lack of transportation facilities. He had traveled all over South America and had been in most of the principal ports. For some years he represented there a mining-machinery company in this country, and his business took him into all the ports of the country. He said he was unable to market his products. His prices were all right, but he could not get them there promptly enough. The facilities were so poor that he simply gave it up. Then he settled down in the capacity of manager of this small furnace, and was very successful.

There are 40,000,000 people in South America. I believe the wants of those 40,000,000 are more closely allied than in any other part of the world to the wants of Europe. They are very much more so than are the wants of the East. I think the value of the South American trade is even greater than the trade of China, and we all think there are great possibilities out in the Orient. There may be, but I do not think they are as promising as in South America, because, while we have no business in South America, last year or the year before the South Americans consumed some \$800,000,000 (gold) worth of farm products, and we do not get any of it. It goes to Europe.

#### SHIPS WOULD BRING TRADE.

Why, gentlemen, there is no place in the world that American products do not reach except South America. It is all due to the lack of transportation facilities, and perhaps that is due to a feeling antagonistic to subsidies or bounties or preferentials. I do not care what you term it; it is due to the fact that the merchant marine is not nursed. Those who oppose it have had their inning. For a good many years they have said: "It will come, it will grow, it will develop,

it will evolve. The time is coming when we are going to have transportation facilities." Have we not given them a chance? Have we not given them a trial? Why not start out and do something and attempt to accomplish it by nursing the industry? I do not care whether it is a bounty or a preferential or what it is. I do not care what you name it; I will favor it because it can not be any worse than the present condition. There is \$800,000,000 worth of business in South America. We might get \$500,000,000 of it in a few years; and what would we pay for it? A few thousand dollars in a bounty; and there would be a few disgruntled people who do not believe in bounties.

While I look, as a manufacturer, at the commercial side of it, I also wish to represent the artisan and the tiller of the soil, who contribute toward the products that we can ship to South America; and we can ship them to other parts of the world if we have the direct connection even better than we do to-day. I lay particular stress, however, on the conditions down there, which are due to the lack of transportation facilities.

#### STATEMENT OF WALTER D. SAYLE.

Mr. MCNAIRY. Mr. Walter D. Sayle, president of the Cleveland Punch and Shear Works Company, and president of the Manufacturers' Association, will next address the Commission.

Mr. SAYLE. Mr. Chairman and gentlemen of the Merchant Marine Commission, I have been requested to place before your honorable Commission a few facts pertaining to our merchant marine and the interests which naturally depend upon its growth and maintenance.

It might be proper for me to state to you that I am neither a builder of ships nor to any extent a shipper, nor have I a dollar invested in any of the great steel carrying ships that touch our shores; but I am greatly interested as a citizen, a manufacturer and a banker, and as one who has given some little thought to this subject.

One of the commonest arguments of those who are indifferent to the condition of our merchant marine is that it makes no difference in what manner our trade goes abroad so long as we enjoy rates as low as our competitors.

#### TRADE WOULD FOLLOW THE FLAG.

This, to my notion, is only a half view of the subject. If we are to regard the mere crossing of the ocean as all, it really makes no difference whatever whether the goods go in American bottoms or in foreign bottoms, provided they go as cheaply; but if we are to consider the multiplication of American houses in foreign ports, the promotion of American trade in foreign countries, the loss of trade to our own steel and machinery manufacturers, the establishment of American banks in all the quarters of the world—if we are to have within ourselves the means of over-sea transportation in times of war, then we must look to it that American exports go abroad in American ships.

We can not hope to establish American trade through foreign branch houses and branch banks in foreign countries until the avenues of transportation between the parent houses and their offsprings are entirely independent, absolutely American, and not subject to either the sanction or the forbearance of any nation.

This was well expressed by Thomas Jefferson when he said that it is not to be to moderation and justice of others that we are to trust for a fair and equal access to market for our products or for our due share in transportation of them, but to our own means of independence and the firm will to use them.

It were a great pity, indeed, if this question should be made a party one. In its nature it is wholly nonpartisan. It is a national question, and it affects equally the manufacturer, the farmer, and the banker.

Certainly at the beginning of our life as a nation these points were well understood. Washington three times applied to Congress on behalf of shipping and got what he desired—the advantage of discrimination in tariff rates and tonnage dues to American shipping.

As a branch of industry shipping was declared invaluable, but as resource of defense it is imperative.

Under beneficent legislation shipping flourished for over half a century. Then Congress began gradually to tear away the bulwark which had been constructed around shipping, until now it is left naked to its enemies.

Figures are dry, and I shall not quote them except to point the moral. The authenticity of my figures are based on current issues of the Marine Review, the acknowledged authority on marine statistics.

In 1821, when our foreign carrying trade amounted to \$127,000,000, we carried 88 per cent of it; now that it amounts annually to two and one-half billion dollars, we carry only a little more than 8 per cent of it. The carrying charges of this enormous volume of business are estimated at \$200,000,000, of which \$184,000,000 goes into foreign coffers, and most of it to Great Britain.

#### BUILT UP UNDER PROTECTION.

I believe no one will deny that the great industries of this country have been built up under the policy of protection. Shipping flourished while it had the benefit of this policy. It will flourish again if it is protected, but it will never flourish if it is left unprotected while at the same time all other industries are protected.

The policy of extending protection to all industries and denying it to one places the industry so discriminated against under a frightful handicap, because it has to overcome not only foreign competition, but the protection afforded to other industries as well.

It is well known that the policy of protection has enhanced the plane of living in this country; it is well known that, owing to it, it costs more to build a ship in this country than it does abroad; it is well known that, owing to it, it costs more to operate a ship after it is built in this country than it does abroad. It is also well known that the cost of operating our ships is greatly increased by our own marine laws, and licenses issued by our Government to certain crafts pertaining to our merchant marine.

Therefore, when an American ship gets out into the high seas it is subjected to a competition that is absolutely merciless.

We have a graphic instance of this on the Great Lakes to-day. The great bulk of traffic on the Great Lakes of course is under the coastwise laws because it is traffic from an American port to an American port. The iron-ore deposits, which are the mainstay of lake trade, are all in American territory. Therefore, on account of natural resources and wise coastwise laws, practically 96 per cent

of the commerce of the Great Lakes, as shown by the records at the Soo, is carried in American ships, while less than 8 per cent of the foreign commerce that rightfully belongs to American ships is carried by them.

#### THAT INVASION OF THE LAKES.

A considerable portion of the grain trade, however, which originates in this country goes to Canada, so that it is international in character and therefore subject to the competition of all nations.

An American company, the Great Lakes and St. Lawrence Transportation Company, is engaged in the grain and package freight business from Duluth to Montreal. This is international trade and is open to all ships. The company has been operating a fleet of 10 American steamers, but this year, in addition, has chartered 2 Norwegian ships to help in the service. These ships are chartered for a lump sum, the masters providing everything save fuel. The Great Lakes and St. Lawrence Transportation Company was surprised to discover that the sum worked out to a figure 40 per cent less than it costs them to operate their American ships of equal tonnage. The American seaman demands better wages, better quarters, and better food. How long do you suppose such a condition is going to last when such a differential exists? Will the capitalist continue blind to his profit, or will he bring over other Norwegian ships to engage in this trade when he realizes that there is a gain of 40 per cent in operating expense by doing so?

This question, gentlemen, is one that comes right home to us. An American policy has bred it, and an American policy should remedy it.

This inequality, produced, as I say, by an essentially American policy, should be equalized by the General Government. I would not undertake to say in what manner it should be brought about. That is the business of this Commission to discover. All that I desire to impress upon you is the fact that it does not concern any one citizen or any set of citizens, but all citizens.

The benefit of wise assistance to our merchant marine would so widely permeate the active industries of the country that it can not be said that any one interest would be especially benefited. What I mean to say is that the shipowner and shipbuilder will not be the sole beneficiaries. Shipbuilding is an industry which consumes a great many products and furnishes employment to nearly every other industry in the country. For one shipyard that is revived a hundred correlated industries are stimulated.

#### CLEVELAND'S INTEREST.

As an example, I will point out to you how the city of Cleveland and vicinity will be benefited by the revival of the shipbuilding industry.

We have in this city firms who make a specialty of the manufacture and sale of the following articles which are used in the shipbuilding trade: Steel plate, rivets, rope, block and tackle, nut and bolt machinery, punching and shearing machinery, ship logs, steel anchors, and all the varied etcetera pertaining to the outfitting of a ship, including water-tight bulkhead doors used in battle ships by all nations of the world.

It is possible that an entire ship could be built and fully equipped from material manufactured from the raw in this city.

I might say that in deciding what is the best thing to be done, it might be well to be guided by those policies of other nations which have proved so successful.

It is well known that at the beginning of commercial ocean steam navigation in 1838, the United States possessed more steam vessels than Britain. The figures were 193,423 tons for the United States, and 74,684 tons for Britain.

#### BRITAIN'S USE OF SUBSIDIES.

We can follow this procession of steamers down to 1860 with some show of pride, for in that year the steam tonnage of the United States was 867,937 as against 452,352 tons for Britain. But our ascendancy ends there. Britain a few years before had put her merchant marine into the hands of the board of trade, where it might be intelligently pushed forward by experts, and she also adopted the general policy of establishing ocean lanes for steam navigation to foreign countries through the aid of liberal subsidies for carrying the mails.

In ten years she paid \$52,000,000 in subsidies to steamship lines, an amount which was very much greater than the original cost of the fleets of steamers employed in the service. This policy exerted a powerful influence in the development of British steam navigation and in the extension of British shipyards. She has pursued that policy so continuously and determinedly that she now has 8,535 carriers of 14,193,582 tons. The United States has but 1,200 carriers, and nearly half of these are on the Great Lakes. Potentially, however, the figures are very much greater.

A steamer of equal tonnage is a more convenient vehicle than a sailing ship of equal tonnage, for the ability of a steamer to make quick and numerous trips is greater than that of the sailing ship.

The potential tonnage of the British merchant fleet, which is nearly all steam, is figured at 36,907,579 tons as against 6,003,704 for the United States.

#### SIX TIMES OUR TONNAGE.

Of course, all this shipping is not subsidized; nor is it necessary that it should be. Lanes of trade having been established to foreign countries by combined mail and freight carriers under generous subsidies, trade has simply followed the flag, until now for a remote country to trade with Great Britain has become as natural as the ebb and flow of the tides.

The net earnings of Britain's merchant fleet frequently equals the combined earnings of all the railroads in the United States. The earnings of the British merchant marine, which are calculated roundly at \$550,000,000, equal in value the entire wheat crop of the United States. These earnings are to be regarded as part of the exports of Britain, just as much so as if they were a commodity.

If the judicious application of artificial aid has done this for the British fleet, why may it not do likewise for the American fleet? Can it fail to do otherwise?

#### AID FOR TRADE LANES.

I am not in favor of aid for an indefinite period of years. I am in favor of it until American trade lanes have been established to for-



foreign countries similar to those which have been established for Great Britain—so long and no longer. I have no favorite form of remedy to recommend. I do not care whether it be by direct subsidy to the ship; whether it be by a difference in the duty which goods must pay when brought to this country by foreign ships; whether it be exacted by tonnage dues; whether a bounty be paid for outward voyages, or whether it be by one or all of them, so long as the thing is accomplished.

But I will lay myself open, gentlemen, to your criticism by stating that I believe if a tonnage rate were established on exports or imports, or both, commencing the first of the year, we will save 5 cents a ton, and increasing for ten years at the same rate, so that the tenth year it would be 50 cents a ton, and then from that point decreasing at double that rate and this tonnage rate were divided up among the American bottoms pro rata to the number of tons carried and the mileage, it would be the proper thing to do, if it would not conflict with any commercial treaties.

#### A NAVAL RESERVE.

Whatever form of help you deem advisable to give to American ships, I would suggest that such ships as accept the assistance tendered should be compelled to work under certain laws or regulations pertaining to the employment of help, with the end in view of educating as many seamen as possible, who could be used in times of war or from whom the Government could fill the demand for able seamen on its ships of war.

I am not afraid of the word subsidy, nor do I think it a bugaboo, as many of our good people do.

Stop and consider how many hundreds of millions of dollars we have invested in ships of war, and how many millions are now being expended—for what purpose? To protect a merchant marine that does not exist and a few hardy merchants who, without assistance, are fighting for trade in the camp of the enemy.

The Philippine Islands and other islands dominated by this Government will of necessity become, sooner or later, great consumers of goods manufactured in this country. Thousands of tons of material will be needed in the construction and maintenance of our great inter-ocean waterway, which will soon be under construction.

Why can not some scheme be devised, as a beginning, whereby all such trade must be carried in American bottoms or be compelled to pay a tonnage differential?

Some such scheme must be devised by your honorable body, and as patriotic citizens I think that something ought to be done to revive in this country an industry upon which the integrity of our export trade is absolutely dependent. [Applause.]

#### STATEMENT OF ALEXANDER E. BROWN.

Mr. MCNAIRY. I desire to introduce Mr. Alexander E. Brown, vice-president of the Brown Hoisting Machinery Company, of Cleveland, Ohio.

Mr. BROWN. Mr. Chairman and gentlemen, I have not prepared any statistical figures or any definite form of a remedy as to the suggestion for a merchant marine, as I supposed the question was as to the necessity of it.

Senator PENROSE. What is your business, Mr. Brown?

Mr. BROWN. The manufacture of all kinds of machinery for handling material, particularly coal and ore to and from ships and cars; also in the shipbuilding business, and in the handling of bulk goods and merchandise in ships, mills, and furnaces, and in every form of industry known requiring handling of material.

Representative MINOR. Do you equip some of these coal yards?

Mr. BROWN. Our machinery handles about 50 per cent of all the coal mined and handled on the Lakes and about 90 per cent of all the ore.

The point I wish to make particularly is one that I think has not been touched upon. I think there have been a great many things said many times as to the necessity of American vessels for American business, and they have been well said; and it goes without saying that a merchant marine is an absolute necessity. The evidence of it, I think, has been given.

#### ONE AMERICAN MANUFACTURER'S EXPERIENCE.

We have a great deal of evidence that we might give, but I think it would not be necessary, or it is too detailed. However, I may say this: If we could have shipped our goods directly into other countries with our ships, consumers abroad would have purchased more. We would have been more encouraged to make efforts to produce machinery in different countries than we did make. We have been hampered in many ways in getting our goods to different parts of the world. For instance, in 1900 we had a large shipment to Sweden of machinery for coal handling and also for ore handling. We had six months in advance to make arrangements with the English shipping firms for space in which to ship our machinery, which was contracted for to be finished and erected in the foreign country at a certain date, with a large penalty for failure on that point. Of course we tried to inform ourselves how quickly that could be accomplished—that is, the transportation from our coast to Sweden. We made our figures accordingly, and engaged space in such ships as we could for a definite time for shipment. When the time came the ships were here, but they coolly told us they had no room; that we would have to wait and take some other ships.

There was no remedy. There is no way in which you can contract so as to make them pay forfeit for such failure to provide space. We simply had to wait. The result was that when the transportation line had ships suitable for this transportation freights had changed so much that we paid a little over 100 per cent more than our original contract figures. The result of that was that that shipment, instead of going direct to Sweden, had to go to Hull, had to be retransferred there, subject to injury—part of it was injured—subject to charges and delays and detentions, and the outcome of that particular shipment which I was following was that we had to pay over \$9,000 in demurrage on a contract of about \$35,000 total; whereas in the start, with the figures we had, there was a good profit and a good chance for a continued business.

#### FOREIGN AND AMERICAN METHODS.

The people were disappointed at not having the material there. It was absolutely hopeless. We showed them that it was impossible, under the conditions, to have done differently, and yet they thought

that we, as Americans, could do better and should have done better. But it was not American; it was entirely foreign. The methods of doing business were entirely foreign to those of America, in every way.

If you will sum up the business methods abroad and the business methods here, an American's word is worth in trade transactions 10 bonds in a foreign transaction, particularly in shipment. You have got to have not only the transportation company's word in writing, but you have got to know that there are not charges back of that that are not stated. We have repeatedly had charge after charge added to the original quotation, which additions they assumed were a matter of fact that everybody should know, such as the port charges, the primage that the vessel captains are supposed to get, and I imagine do not, and the difference of weight of 2,240 pounds to a ton, or 40 cubic feet. The 40 cubic feet means in a measure a gigantic swindle. It has been carried on for years, and that is one of the points that I do not believe the Americans know generally, that a ton of freight is often paid for from three to four times in the foreign bottom. I know that in the case of a large portion of some of our own shipments the vessels have received from three to four times the rate per ton that we paid.

It is done in this way. You take a bulky piece of material that measures 40 cubic feet, but weighs only half a ton. That has to be crated, perhaps, in such a way that the dimensions will increase it over its natural bulk, because they will not receive it except by measurement in a square shape, so that other material can be packed in the same space. Boxes and barrels that are paid by weight also go in if they weigh more than they measure, of 40 cubic feet, in the same hold. They will not specify how they will pile your goods. Silks and hides go together, and wheat fills in all the spaces. If you send an open crate the bales of goods belonging to somebody else will be piled into part of your space that you have paid for. Then the small cracks and crannies that are left somebody shipping wheat or grain will pay for again.

That has been a regular practice, and there is no criterion as to the rate of freight charged, as to what it cost to carry a ton, or the rate of freight. For that very reason nobody can tell. Neither can they tell in shipment what the 40 cubic feet is going to mean. They can weigh up material that they know the captain will take advantage of by weight. If it is a little heavy and of little bulk he will always take the weight, but if it is bulky and not so heavy they will measure even over the extreme part of a sling or bolt head.

Representative MINOR. Do they exercise that right at discretion?

Mr. BROWN. Absolutely; and you have no control over it whatever. Neither can you dispute it. You can not even question it. They have the right to do that. For instance, we have a number of times made out the complete bill of lading, with each box and article dimensioned to the extreme, in the hope of determining beforehand what it was going to cost us to ship. We have taken the precaution to measure over the last extreme of every article and given that the maximum dimension.

Representative MINOR. How are you going to do business in that way? Business is done on such a small margin that the matter of transportation is almost everything.

Mr. BROWN. It is.

Representative MINOR. And if that is the method of doing business you are unable to tell when you ship a bundle of goods or a piece of

casting or a steel tool from here what you are going to pay for it. You do not know whether they will measure it by cubic feet or by weight.

Mr. BROWN. Nobody can tell beforehand just what will go at 40 cubic feet for a ton or what will go as an actual ton.

The CHAIRMAN. If 40 cubic feet is more than a ton, they take it as a ton.

Mr. BROWN. I intended to have a series of figures showing the situation in that regard for the past five years.

Representative MINOR. That is a new idea for the Commission, and it is an important one.

The CHAIRMAN. You suggest that you intended to have some figures. Can you supply the Commission with the figures?

Mr. BROWN. I can, and I should be very glad to do so.

The CHAIRMAN. We will embody them in our proceedings.

#### A NEW DEPARTURE.

Mr. BROWN. I will say that I have been on board the boats, both in the loading and in the discharge of the cargoes. I have made machinery for the purpose both of loading and discharging cargoes of goods as well as bulk material, and I know exactly how it is done. I know in many cases how much they get paid for it.

I will make the statement here that there are some Americans who are becoming enough interested in the money proposition of the foreign trade, in the face of everything, to invest between two and three millions of capital for the next two or three years in nothing but that trade, based not on subsidy or cheap ships or any similar proposition, but simply on the plain fact that if the ships are built suitable for carrying bulk material and package material, operated in a business way as they are for bulk material on the Lakes, and designed in the proper way, not according to the inland Lloyds or ocean Lloyds, but according to good engineering principles and good sense instead of precedent, and then the proper terminal facilities and proper business methods are provided at each end to reduce the cost of handling and rehandling, they can see, in the face of all the competition in the world, that there is great profit in certain places in carrying on that business as a business—not as a shipping industry, not as a manufacture, but simply as a business of delivering goods from one place to another. That involves the seacoast terminal facilities, it involves the receiving facilities, and it involves a force for properly operating them at both places.

The CHAIRMAN. That is, special types of boats?

Mr. BROWN. No, sir; not necessarily; that is for carrying in every known kind of boats coal, glass, silks, sugar—everything.

Representative SPIGHT. Would you have that same difficulty with American and foreign ships, or is it confined to the foreign ships?

Mr. BROWN. American and foreign ships. With proper terminal facilities money can be made out of the foreign ships, as far as they are concerned, but they do not get the full benefit of the regularity. Mind you, the shipping business has to depend on the regularity with which you receive and discharge your cargoes from day to day. You can not have one or two ships to-day and none for a week, and perhaps none for a month, because freights change abroad, and the only ships that come here are those that they can get special cargo rates for. If rates are better abroad, we simply get what is left from the foreign trade, according to the prices and rates of freight.

But this shipping business proposition I speak of is simply an example of what can be done if taken hold of in a business way—that is, building ships for themselves, owning them, operating them, operating the terminal facilities, and running the whole as a business, the same as you would any manufacturing business, and in the same good business way.

Senator PENROSE. It would correspond, in relation to freight, to what an express company does with small packages?

Mr. BROWN. Exactly; but not charge proportionately so much.

Senator PENROSE. Of course not.

Mr. BROWN. Their business is comparatively very small.

Senator PENROSE. In other words, the exporter, instead of dealing with the steamboat line, would deal with this company or association?

Mr. BROWN. Yes, sir. I speak of that as simply showing that even now, in the earliest state of our export business, there are some Americans whose attention has been called to this matter. Their attention was called to this particular thing not solely from consideration for the ships. That was a secondary consideration. I mention this simply for the purpose of showing what could be done at the terminals by handling that sort of business in a business way instead of the old-fashioned way, which is more than five hundred years old, and has not changed one bit in most places.

#### WHERE THE SEAPORTS LAG.

Representative MINOR. Have you sent very much hoisting machinery down to the coast for loading and unloading coal?

Mr. BROWN. We have, to almost every country in the world. Do you mean in the South?

Representative MINOR. No. I mean down on the New England coast and to New York and Philadelphia.

Mr. BROWN. We have not as much there as we have on the Lakes. We have some there, and are now shipping more. On the New England coast and at New York City and all down the coast they are pretty nearly as far behind as Europe in the matter of handling freight.

Representative MINOR. That is what I told them, and they did not believe it.

Mr. BROWN. Their general method is more than two thousand years old. They are handling freight by hand to-day. They have hoists, and that sort of thing, but the method of handling the goods in the boat, the method of stowing them in the boat, the method of getting them out, is by sheer strength and stupidity. There are some exceptions, of course, but that general method applies to general cargo. There are places on the coast where they have good facilities, but they are all private, for the handling of coal, etc.

Representative MINOR. We found that on the coast, when they charter a vessel for the coastwise trade or for the foreign trade, they provide for so many lay-over days. The number of lay-over days would astonish you people here, of course, and we held, or at least I will say I held, that the demurrages that grow out of their own stupidity, as you say, add to the cost of transportation.

Mr. BROWN. Yes, sir.

Representative MINOR. We think, or at least I do, that if those things were remedied, and they would adopt down there some of the methods that we have so successfully utilized here, they might be enabled to handle freight a good deal cheaper than they do.

Mr. BROWN. There is no question about that at all. I speak of that line of the subject rather than of the other that has been talked about (that is, subsidy and cheap ships), because I know something about it, and I have had to do with it intimately since 1880.

THE WHOLE COUNTRY BENEFITED.

Representative MINOR. Of course the matter of transportation enters very largely into this question. If we can reduce transportation charges to all the people of this country who produce something, then we are justified in doing everything in our power to build up the merchant marine on that ground alone.

Mr. BROWN. Yes, sir.

Representative MINOR. And I am very glad you are making these statements, and I know you are competent to make them, because I know something of your machinery.

The CHAIRMAN. Let me ask you, in that connection, Is this modern machinery adapted to loading and unloading a diversified cargo?

Mr. BROWN. Yes, sir; every known thing, from people to baby wagons, or anything else. It is used to handle almost every known commodity.

The CHAIRMAN. You say that the usually progressive Yankee is away behind in that matter?

Mr. BROWN. He has been discouraged, and the capitalist has not had his attention brought to the right phase of it. There is one more point in this matter that I wish to refer to. I do not know that I have statistics to back up the assertion, but I believe it is so. If capitalists had their attention called in some forcible way to the possibilities of our foreign marine shipping and what could be possibly made and done with it, there would be no difficulty in establishing our marine, but you know and we all know that it is easy to not think too far ahead or to reach out; and people when old enough to have acquired great capital begin to get tired. They require somebody to spur them up and stimulate them to invest their money by well-presented propositions. The younger generation do not and can not go into it alone. The older generation, who ought to have the knowledge of it and their attention called to it, do not seek it themselves. Of course the war of the rebellion killed our merchant marine. That was undoubtedly, I presume, the reason for its decline. It was for no other reason except that. It was killed, and there was no attraction for the capitalist at that time, immediately after the war, to invest in it again.

Senator PENROSE. One of the gentlemen who appeared before the Commission in Chicago, who is engaged in your lake carrying trade, said the comparison is very unfair; that there is not a uniformity of cargo on the seaboard; that there is a great diversity of commodities put in the hold of a vessel, and that it is impossible to apply your cheap methods of handling freight on the seaboard. I do not remember his name, but it was some very prominent person connected with the lake trade.

Mr. BROWN. That is, in a measure, correct. The bulk freight is handled easier and quicker by machinery, and of course of necessity can be handled cheaper per ton than material in general cargo that has to be carefully freighted and carefully handled.

The CHAIRMAN. That was the purport of my question a moment ago.

EITHER PACKAGE OR BULK CARGOES.

Mr. BROWN. Yes, sir. That does not make all the difference. The other or bulk material can be handled far cheaper in proportion. You would be surprised if I should give you the figures at which even some bulk material is handled from seaports. The prices charged to-day for the other and different kinds of material at all the different ports vary greatly. I know of a seaport where to-day the nominal charge is \$2.50 a ton for unloading a boat and delivering its cargo of bulk material on the dock. The same operations that handle that are required to be gone through with on a ton of coal or ore.

Senator PENROSE. He cited as an illustration that in New York they could not lay the vessel alongside of the elevator in loading grain, but that it would be transported on lighters.

Mr. BROWN. That is only because they do not do it. There is no reason in God's creation why a boat, if it can go alongside a grain elevator in Chicago, could not do so in New York if New York had the elevator.

The CHAIRMAN. He cited another fact, that the ocean being so much more turbulent than your Lakes, it is necessary to put grain in bags rather than to have it in bulk, so that it will not shift.

Mr. BROWN. I think that is more due to the receiving end—that is, to the fact that the people purchasing it oftentimes specify that it shall be prepared in that way for the unloading and handling at that end. They often have no means of handling it at the other end in grain elevators, as we have, and they require that it shall be put in bags in unloading or else shipped in bags at the start.

The CHAIRMAN. He gave as a reason the possibility of its shifting.

Mr. BROWN. Of course there is something in that; but when they have other freight with it or it is loaded properly, there is no possibility of the freight or the grain shifting.

THE HANDLING PROBLEM.

The CHAIRMAN. You think there is room for improvement even if they do not reach the high standard established on the Lakes?

Mr. BROWN. Yes, sir; I know of no field so attractive, no field so stubbornly resisting improvement, as the ocean marine.

I will state that a few years ago I made extensive investigations into that very thing—that is, the handling of general freight, where it has to go through the custom-houses, be sorted under different ownership, distributed afterwards to the railroads, and all that. For several years I have made a study of it, and have gone so far as to devise the ways and means for doing it and carrying it out successfully and economically, and the only reason it fell through in this first instance was that the parties with whom we originally took it up went out of the business, as they had an opportunity to sell at a good time their entire lines. But I do not despair of doing on a large scale in a very few years what I started to do and having in actual operation one of those examples which will create exactly what was created here on the Lakes—a new standard of water-transportation business. That is the point I want to make, that the Lakes, back of 1880, were not different at all in this respect from the coast. Two dollars a ton, and sometimes in the fall \$13 a ton, in my recollection has been charged for carrying a ton of ore that is now carried the same distance for 55 cents. The conditions then were exactly the same as on the ocean.

They had the same kind of boats that were used in England and other countries. The ends of the route were provided the same as they are in England to-day in most places, the same as they now are on the coast in many places in this country—that is, with a small dock engine or a horse and men to unload. There was great resistance to the first automatic machinery put in on the Lakes intended to improve the terminal facilities. The cry was, "They are attempting to do away with labor." Instead, it has increased the use of labor twenty to forty times, but has placed it on a much higher plane.

Senator PENROSE. What proportion do the expenses of loading and unloading bear to freight?

Mr. BROWN. Last year I think they paid on the Lakes 19 cents for the unloading charges out of 55 cents for the freight for a thousand miles. It is 70 cents this year, I believe. I was speaking of the rate at the time when the boats were just at an earning point or losing point, according to their size.

Senator PENROSE. That is the unloading charge?

#### WHAT IT COSTS.

Mr. BROWN. Well, in the case of ore, the loading is done by the railroad company, and the trimming price of 3 cents a ton is paid for by the vessel when the vessel trims. The larger type of vessels that are built now do not trim their cargo. It is not necessary to do so, and they save that 3 cents; but I believe 19 cents a ton was paid for unloading the boats, which is included in the freight rate, the lowest average for a whole season being 55 cents, and this season I believe the rate for the same distance is about 70 cents.

Senator PENROSE. How much per cent was that for the corresponding charge on the Atlantic seaboard for loading and unloading? Have you figured that?

Mr. BROWN. Yes; that charge is not what it costs, mind you. It bears no relation to the present conditions, but it bears the highest relation it can have to hang on to the old conditions. In other words, the different ports along the Lakes are owned and run by dock companies. They of course have invested their capital for the purpose of making money. They have invested in the machinery, and they operate it and charge a railroad company so much for handling the material. The railroad companies charge the consumer for the storage, and the consumer pays the full charges. The vessel pays back the unloading charges over the rails. On the seaboard that does not always include the loading and unloading charges.

Senator PENROSE. Roughly speaking, would it cost double as much?

#### SEABOARD AND LAKES.

Mr. BROWN. The cost—that is, what they pay, mind you—would be ten times as much on the seaboard to-day as the actual cost now on the Lakes. To-day there is machinery at Conneaut taking ore from the boats, with which one man is capable of taking out 3,000 tons in ten hours and delivering it into cars. He is paid about \$75 a month, making the actual cost of labor only from one to two mills per ton; but of course a correspondingly large investment in machinery has to be made, and in that you are earning an interest rather than paying out in wages. The establishing of good methods of constructing ships for the business and terminal facilities for handling the business, and having good business men whose desire is to increase



that business and to help those who do business with them, will solve, I believe, the marine problem. It will be solved quicker if it is helped in some way by the Government, for the reason that capitalists then will turn their attention to it. It requires now an expert to see where the money is in it at present, and it is only through a vast expenditure of money that there is money in it. If that expenditure is made, a very good interest can be earned on the proper method of doing sea-board business.

I wish to say that in Sweden, where the shipment of Swedish ores on a very large scale is going on, I witnessed the loading of a boat of 5,000 tons very similar in construction to some of our lake ore carriers. In fact, it was an English imitation of our latest types of ore carriers, built expressly for the ore-carrying trade. I made inquiry as to the freight rate for transporting this ore from the Swedish port to England, a distance almost identical with that from the head of Lake Superior to the Lake Erie ports—that is, about 1,000 miles—and the freight rate charged for this carriage in our money was about \$2.50 a gross ton, whereas at the same time on the Lakes the highest rate charged for many years was \$1.20 to \$1.25 a ton.

I also found that the total number of trips that this boat made during the year was substantially the same as similar boats on our Lakes made during a season of about six or seven months. This of itself would show the importance of keeping investment constantly active in what it is intended for, the carrying of freight rather than waiting at the terminals. In other words, if both ends of the route of this ore-carrying line from Sweden to England had been provided with the proper terminal facilities for quick dispatch in loading and unloading the cargoes, and freights were made to keep the boats in commission all the time, the same boat might have made fully double the number of trips during the season, and either earned double the amount of money or been able to have greatly reduced the freight charges.

With the handicap of only six to seven months of continuous business on the Lakes, the interest on the investment of the vessels has to be paid for the whole year, and, as before stated, at an average rate of about one-quarter of what is received for like service in any other part of the world.

The CHAIRMAN. We are much obliged to you, Mr. Brown.

Mr. MCNAIRY. Mr. Chairman, this completes the list of those who are to appear before you this afternoon. There are a few more who will be glad to meet with you to-morrow morning at such an hour as will suit your pleasure.

The CHAIRMAN. The Commission will adjourn until to-morrow morning at 10 o'clock, and conclude its hearing at half past 11.

The Commission (at 4 o'clock and 55 minutes p. m.) adjourned until Wednesday, June 29, 1904, at 10 o'clock a. m.

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CLEVELAND, OHIO, *June 29, 1904.*

The Commission met at 10 o'clock a. m.

Present: Senators Gallinger (chairman) and Penrose and Representatives Grosvenor, Minor, Humphrey, and Spight.

#### REMARKS OF HARVEY D. GOULDER.

Mr. GOULDER. Mr. Chairman and gentlemen, if you will pardon me again speaking to you, I want to correct any notion, any idea from

any source, that our committee has endeavored to furnish a certain kind of thought to the Commission, and I am prompted to say this because as the hearing went on yesterday Mayor Johnson asked me why we did not get some one on the other side. We had extended a general invitation, and on asking him whom he would suggest, he mentioned Mr. John H. Clark, who was the Democratic candidate for the Senate against Senator Hanna last fall in the hustings. We not only telephoned to Mr. Clark, but the secretary of this chamber went and paid a personal visit of solicitation to him. Mr. Clark said if he had known a few days ago of any specific desire to particularly have him here, he would have been prepared. As it was he did not care to appear this morning.

I want to say, in behalf of our committee, that we have, during the two or three weeks succeeding our definite knowledge that the Commission would come here, extended broadcast in this city the invitation to everybody to come in. I am going to read you two letters to show you in what manner we asked specific individuals to come in; and I now say here, for the chamber of commerce and for our committee, that the meeting is open. We are more than anxious that every phase of thought on this subject in Cleveland be presented. My own idea is that there would not be very much variety of thought on the subject, but we are anxious to have it all presented.

Now, let me read and get into the record two letters. I dictated a letter myself to Mr. F. B. Squire, the president of the Ohio division of the Standard Oil Company, which is as follows:

JUNE 21, 1904.

F. B. SQUIRE, Esq., *Cleveland, Ohio.*

DEAR SIR: On Tuesday next, June 28, members of a Commission composed of five Senators and five Representatives and known as the Merchant Marine Commission will visit Cleveland and have sessions probably on that and the following day in the library of the chamber of commerce.

I am writing you as chairman of the chamber of commerce committee which is making arrangements for their entertainment and the presentation of the subject before the Commission.

The object of the Commission, as we understand, is to learn to what extent, if at all, there is a general interest throughout the country in the rehabilitation of our foreign merchant marine, and it is rather for this purpose than to be instructed as to ways and means for accomplishing it that the Commission is acting. They have held sessions in the seaboard cities, and before coming to Cleveland will sit in Chicago and in Detroit. Later they are expecting to go to the Pacific coast.

With the ramifications of the Standard's business all over the world, it occurs to us that either yourself or some one connected with your company might be able to give most interesting facts in regard to the difficulties and obstructions to our foreign trade resulting from the fact of our so nearly total dependence on foreign carriers and the absence of definite lines under our own flag.

We are hoping to have 20 or 30 men give talks, say not over ten minutes, but without any absolute limit of ten minutes, before the Commission, with the privilege of preparing in connection a paper giving the facts to be filed.

We know of no objection to any person stating his views as to the proper remedy, but we are informed that the Commission care more for the other feature. We are very anxious that the visit of the

Commission to Cleveland shall be profitable in bringing out the facts on the subject.

Very truly, yours,

\_\_\_\_\_,  
*Chairman.*

Another letter, addressed to Mr. W. H. Cottingham, a manufacturer and shipper of Winnipeg, Manitoba, is as follows:

JUNE 20, 1904.

MR. W. H. COTTINGHAM,  
*Winnipeg, Manitoba.*

MY DEAR MR. COTTINGHAM: On June 28 and 29 instant Cleveland is to be visited by the Congressional Commission on Merchant Marine, composed of 5 Senators and 5 Representatives, the duty of which is to consider and recommend legislation for the development of the American merchant marine. They visit Cleveland to receive testimony from manufacturers and others of this city and district relative to the need for enlarging our merchant marine.

On behalf of the committee having charge of the matter, I have the honor of extending to you a very cordial invitation to testify before the Commission on Tuesday or Wednesday, 28th and 29th instant giving them the benefit of your experience and observation as a manufacturer and shipper to foreign ports. They are not seeking ideas as to the plan to be followed in order to rehabilitate the American merchant marine, but are endeavoring to learn from manufacturers and others whether or not business is affected deleteriously by present conditions, and whether or not American business men desire a change from present conditions in connection with foreign shipping.

It is not expected that extended addresses will be made, the thought of the committee having charge of the matter being to have a large number of manufacturers appear before the Commission, each gentleman speaking for a few minutes on those points in connection with his own business which have relation to the general subject.

You will please find inclosed a copy of the act creating the Commission and also a little leaflet giving various data with regard to existing conditions.

The committee really hopes very much that it will be agreeable to you to accept this invitation.

Very respectfully,

F. A. SCOTT, *Secretary.*

#### A GENERAL INVITATION.

Now, Mr. Chairman, I absolutely pledge you my word, and I pledge the word of the 1,500 men of this Chamber of Commerce, that we have not sent out any other kind of invitation than that, either by letter or verbally. I want to file those letters with you that you may refute, if it ever comes to you, the proposition that there was any packed meeting here, that we selected people, or that we asked anybody to come under other circumstances than these. Mr. Squire was out of the city and did not respond to this letter. There is not a man on our committee, when the letter was written, who had any more notion than any member of your Commission, on what side of the question Mr. Squire might be. We have sought honestly, faithfully, and fairly to get before you the views of people in Cleveland; and nobody can properly claim that we have tried to have the meeting go one way. If it shall have gone one way, it is because that is the sentiment of the section.

I now have pleasure in introducing Mr. Hunt, the president of the Builders' Exchange.

## STATEMENT OF W. H. HUNT.

The CHAIRMAN. Mr. Hunt, in what line of business are you engaged?

Mr. HUNT. I am connected, Mr. Chairman, with the manufacture of clay products as a business. For a number of years, however, I have been the chief presiding officer of our Builders' Exchange, which is, I believe, the largest organization of its character in this country, if not the world.

The CHAIRMAN. Mr. Hunt, the Commission will be pleased to hear any suggestions you may have to make on the line of investigation in which the Commission is engaged, or in any other direction you may choose to follow.

Mr. HUNT. Mr. Chairman, I rather fear it may be bold for me to undertake to talk extemporaneously upon a subject of such great importance.

Cleveland has many times been permitted to entertain and to meet with commissions of somewhat similar character. I recall, particularly, the Congressional Committee on Public Buildings and Grounds that honored us with a visit a year or two ago. A year or two preceding that we were visited by the famous English commission which came to this country, headed by Sir Alfred Mosely. I have many times wondered whether the compliments paid our city and our enterprise were fully justified, and yet at the dinner at the Country Club last night there was a peculiar ring of sincerity in the compliments that were paid our city, its buildings, its boulevards, and its streets.

I choose to speak for the building enterprise of our city, because the building industry is probably the evidence to most of us of our cities' prosperity. In fact, it is the building industry of the country that indicates the prosperity of our cities. The product of the builders can not be exported, and the material which the builder uses is very largely produced within our own country. Consequently the question of an enlargement of our merchant marine and the providing of proper shipping facilities for American products affects but indirectly, although largely, the building interests of the country.

The manufacturer and the merchant, in their prosperity, afford to the builder his opportunity. I therefore take special pleasure in impressing upon the Commission the interest which the building industry of our country has in a solution of this great question.

## A FRIEND OF SENATOR HANNA.

The impressions which I personally have had of the question have been very largely because of the opportunity I have had to acquaint myself with the views of the late Senator Hanna, and I consequently have inclined toward a subsidizing of our merchant marine. I do not know, Mr. Chairman, that the means to be employed are so important as the object to be attained. It should not be a question of expense. We are doing great things nowadays, and results, not expense, should be reckoned with. I recall and compare somewhat in my mind the development of our cities individually with the development of our country as a whole. There was a time when the city of New York was well confined within a single island, and we shortly crossed the river and created what is now Greater New York. Our country has expanded in similar manner until we have crossed the seas. We should therefore realize the present necessities of our country and provide the necessary means to enlarge our foreign trade relations.

## THE FLAG IN FOREIGN PORTS.

I was impressed with a statement made by Mr. Prentiss yesterday—that he had made three trips around the world without having observed on a single occasion the American flag. It has been my own experience on foreign waters that the American flag is hardly at all in evidence. I remember upon one occasion going down the Thames to Greenwich late in the afternoon when the tide was at its height, and ships from almost every clime came into the great docks of the city, but not a single American flag was in evidence. In the ports of the Mediterranean I have seen the American flag but on one occasion, and then it happened to be upon a pleasure yacht.

It would seem to me, Mr. Chairman, that the most valuable asset our country possesses is our American spirit of enterprise. There is no experiment in the American people going into foreign countries to sell goods. The character and reputation of the American business man is too well known in countries where we have had trade opportunities to make it a question of doubt whether our methods would be effective. I believe beyond question that if the American flag were given a fair chance the success of our trade relations abroad would be assured.

For me to go much further, Mr. Chairman, in this general talk would seem to be useless. Statistics and data have been given the Commission in abundance. My principal object in appearing before the Commission is to speak this word for the building interests of our country, that you may know the extent to which we feel alive to the question and the interest we have in the ultimate success of your work.

## STATEMENT OF SAMUEL F. HASEROT.

Mr. MCNAIRY. Mr. Samuel F. Haserot, president of the Haserot Company, wholesale grocers and canners of fruits and vegetables, is the next gentleman who was expected to appear before you. Mr. Haserot is not present, but he has sent a paper which I will ask your secretary to read.

The CHAIRMAN. The secretary will please read the paper.

The secretary read as follows:

Mr. Chairman and members of the Merchant Marine Commission, as an American manufacturer and business man, who is interested in the development of the business of this country, I desire to address your honorable Commission briefly upon the subject of a merchant marine, advocating that some plan be outlined in the report which may follow the investigation of the Commission, recommending in due course of time, as it may appear most advantageous to the interests of all, the adoption of laws which will enable the people of this country to use for the purpose of transportation ships which shall fly the American flag to carry the products of this country to all quarters of the globe.

In this connection permit me to say that I am not, directly or indirectly, connected with any shipping interests that might in any manner be advanced on account of any favorable action which may be taken by Congress upon the general subject leading toward the establishment of a merchant marine.

No country in the world has shown so rapid a growth in the past twenty years in the establishment of railroad facilities, which bind the

country together from the Atlantic to the Pacific. During this same period the agricultural, manufacturing, and distributive fields of American commerce have been exploited in a marvelous manner, but the one thing that seems to be lacking to-day is a method of distribution, primarily our own, which may enable us to take our place among the nations of the globe in carrying in our ships from our country such products as we have to export and the bringing into this country such products as we wish to import.

#### OF PARAMOUNT NECESSITY.

The development of an American merchant marine would be decidedly in line in connection with the carrying trade of the world, and in my opinion we have reached a point in the consideration of this very important subject which is not only of deep interest to the welfare of the people of this country, but likewise of paramount necessity in our future development.

As an evidence of the interest that people of this country are now taking in matters of this kind, I beg to refer your honorable Commission to the unanimous desire that has been expressed by the people of this country for upward of ten years that a canal connecting the Atlantic Ocean with the Pacific Ocean be built as soon as practicable. While in the discussion relative to the canal there was some question as to the most desirable route, there never was a question as to the desirability of direct communication between the Atlantic and Pacific oceans, at whatever cost.

Our interest in the Philippines, so ably portrayed by ex-Governor Taft in an address before this chamber a short time ago, is another strong point which seems to make it necessary for us to consider the development of our merchant marine along such lines as may induce the investment of capital in so important a subject.

In various ways during the upbuilding of our country we have fostered our industries, we have established tariffs which have enabled our manufactures to thrive, and now we have reached a point of development where it appears not only advantageous but necessary that we should conduct our carrying trade ourselves and not be dependent upon German or English vessels, for instance, to take our products to such near-by points as South American ports and bring to us, in a roundabout way, such merchandise as we may require from these countries.

The investment that we shall have in the Panama Canal, though large, will be self-sustaining in the advantages that the canal brings to this country. How much greater these advantages would be if we had our own vessels to make use of a highway which is bound to change the general carrying routes of the world's travel by sea. It is probable that the cost of building the canal will greatly exceed the cost which it was estimated that it might cost. Large investments of this kind can never be estimated closely, and in the building of the canal there may be expense which it is not possible to estimate.

However, though the expense may be greater than the amount at present estimated, the advantages to the country in any event will, in my opinion, more than cover the cost.

Now, if we could have added to this condition the development of an American merchant marine during the period of the building of the canal our increased position and strength at the time of the completion of the canal, as compared to the present moment, could not be

estimated. While I have no specific proposition to present for the consideration of your honorable body, I am deeply interested in the progress of our country and, with the Panama Canal question settled, it seems to me that our efforts should be directed along the lines of the further extension of our possibilities through the medium of an American merchant marine.

# STATEMENT OF CALVARY MORRIS.

Mr. McNAIRY. Mr. Chairman, I desire to present to you Mr. Morris, president of the Cleveland Trust Company, and of the Morris Coal Company.

Mr. MORRIS. Mr. Chairman, I am not one of the listed speakers, but I desire to address you briefly. Since I have been here I have learned a good deal that I did not know before. I am not an exporter. I export myself once in a while over on the other side, but I have gathered up some things here that I would like to call to your attention.

I think no one has so far attempted, and I do not propose now to attempt, to solve the problem which you have before you. There has been a great deal said about subsidy. If it were I, I would come out squarely and fight it out on those lines, and call it subsidy. Take our great Northwest, where I have had a good deal of experience in putting in coal. The lines of railroad were established there by subsidy—in other words, land grants—or they never would have been there. Capital will not go into these things unless it has some assurance that it will get a profit on the investment.

Something was said here yesterday by Mr. Wallace about putting steel at cheap rates on the other side. I have no interest in any iron company, directly or indirectly, but sometimes it is wisdom to do such things. I know we have sometimes put coal at the mines in the Northwest Territory at less than our home price. Why? We might sell 10 tons up there to 90 tons down here. It is volume that counts on everything in this question. It is a question of large production and cheap cost. Oftentimes you will sell stuff at cost in order to keep your plant in full operation.

I want to go a little further. There has been a good deal said here in regard to whether capital will invest in vessel enterprises. Where do we get our capital? It is not from Wall street. This country gets her capital from the masses. Our friend from New Hampshire spoke of there being \$67,000,000 in the savings banks of that State deposited by the people.

## GET THE RAILROADS TO JOIN.

I do not want to belittle that statement, but I wish to say there are three institutions in this city that have deposits of \$100,000,000 from taxpayers, from \$1 up, distributed among about 20,000 depositors. Those are the people who furnish the capital to promote these enterprises. The people at the head of these institutions must have the confidence of the depositors or they can not get their deposits. Now, they have to be very careful how and where they put this money. I think you are going to run up against this difficulty. No matter what our friends in Boston tell you, when they come to put the money up you will find they will not put it up very fast. This is an untried experiment. No matter what you do, my idea is it will be an unpopu-

lar one; and if I were a member of the Commission, I would urge that the Commission call in the presidents of the trunk lines of this country and get their advice. Let them establish a line of boats, say to one particular point, and experiment with it. They are the people who can do such things better and cheaper than anybody else.

Whatever you may do, I think it would be well to get the railroads to join with you and start this movement, and when it has proven a success—you can not do it all at once—then private capital will follow.

I simply picked up a few of these little points that I thought I would give you for what they are worth. I hope they may be of some value to you when you come to take up the consideration of the subject before you.

#### STATEMENT OF SAM W. MEEK.

Mr. MCNAIRY. Mr. Chairman, Mr. Sam W. Meek, business manager of the Cleveland Leader, will now address you.

The CHAIRMAN. Did I understand, Mr. Meek, that you are connected with one of the great newspapers?

Mr. MEEK. Yes, sir.

The CHAIRMAN. We are very glad indeed to have a newspaper man before the Commission. I think you are the first one.

Mr. MEEK. Mr. Chairman, I am very happy indeed to be permitted to come before the Commission, especially since the chairman is from the great State of New Hampshire, as we heard last evening. It is a little unfortunate that New Hampshire should now be so selfish, when heretofore she has been so generous, in that she keeps the chairman of this Commission in New Hampshire instead of allowing him to come to Ohio. Perhaps if he had come to Ohio we might have given back New Hampshire a President some day.

I feel a little embarrassed, Mr. Chairman, and somewhat in the position of a man who lived in the western part of this State. He was rather noted for his peculiarities, and one of them was that he devoted a great deal of time in a secret place to carving his epitaph upon a tombstone. The curiosity of the neighbors was of course aroused, and after he died very suddenly they rushed in to see what he had carved, and it was this: "I was expecting it, but not so soon." I just came into the room. However, Mr. Chairman and gentlemen, the subject you have in hand is of such vital importance and interest to all American citizens that I do not feel that anyone should decline to be heard or to express some sentiment upon it.

#### FOR A SUBSIDY.

The gentleman who preceded me, Mr. Morris, has seen fit to call a spade a spade, and, if you will permit me, I beg to submit that I likewise believe that if, in your deliberate judgment, you shall come to the conclusion that in order to build up the merchant marine of the United States it is necessary to use the word subsidy and to recommend a subsidy, you should do so. I well know that that word is obnoxious to some people, and perhaps to many good people. I well know that it is somewhat repugnant in a way to the sentiment of Americanism, and yet, on the other hand, we are practicing that thing in everyday business. As the honorable gentleman from Ohio said a few days ago in your meeting, Cleveland itself has been subsidized by the General Government in the building of our harbors. None of us had any



objection whatever to that. All of us made very strenuous efforts in that direction, as perhaps some of you gentlemen realize. As you know, when Ohioans once start after anything at the national capital, especially if it looks like money, they are very industrious, so the other States tell us.

Representative GROSVENOR. Just so it is not office.

Mr. MEEK. Oh, not office, General; of course not.

Representative GROSVENOR. We go for everything else.

Mr. MEEK. You are a living example that Ohioans are not anxious for office; but I hope we may always have so good a man as yourself in office, sir.

Nevertheless, we realize the fact that the great industries of Ohio, to which we point with a great deal of pride, have been builded up largely because of a species of subsidy. Call it tariff if you wish, but nevertheless that is what it is. Now, if the conditions of living in America and the wages in America are such that we are compelled to pay a higher price per day for labor, and in turn the people spend more money for their sustenance, I do not see how we are going to successfully compete with other countries on a lower scale of economic expense or of income or of earning capacity in the open markets of the world unless all of us agree that we will pay a little proportion ourselves to sustain this particular industry, and that we will take our chances for our returns in the general prosperity of the whole people.

Up to this time, acting upon that basis, we have not gone very far astray. With the enormous productive capacity of our people in the field and in the workshop, I fear that unless we adopt some method of extending our trade to the world in general we are in a short time going to come up against a condition that will not be very pleasant. Unless an American is active, unless he is doing something, he is ugly and troublesome. A few months ago I was in the Mahoning Valley, the great iron-producing section of the world, and that entire valley was lighted from one end of it to the other with the glow of the iron mills and stacks and furnaces. Night before last I was down there, and I confess that the darkness was in some respects somewhat oppressive. I said to a gentleman at Youngstown yesterday morning: "What in the world is the matter? Why are not all these mills running? When I was down here eight or nine months ago they were running at their full capacity, and there was a boom and a blow and a hurrah and a buzz through here that made every muscle tingle." "Why," he said, "it is simply that we are producing more than we can dispose of." That gave me a thought. If we are producing more than we can dispose of at home, then we had better get busy to extend into other markets and see if we can not do something there.

#### OUR HALTING EXPORT TRADE.

I was not afraid of the rates. I was told that on structural iron the freight rate from Pittsburg to tide water was \$1.20 a ton, and that the freight rate from tide water to Liverpool was \$1.20 a ton, a total of \$2.40. I said, "Now, that seems to me a very reasonable rate, especially on 3,000 miles of the distance. I do not know about the 440 miles. It may be reasonable on that. What is the trouble? Why can we not export more of it and do more?" My informant said, "For one thing, it appears that our lines of Atlantic tonnage were not profitable, and therefore that there was not a sufficient number of American bottoms in which to carry the trade of the country. It

had to go into other bottoms, and consequently was more expensive." I said, "Did you remember there is a Commission up in Cleveland now investigating this subject by direction of Congress?" He said he had thought something about it. I said, "You had better come and go with me up there and tell them something about this."

The gentleman from the Northwest [Representative Humphrey] made a very singular statement last night, something that appealed to me and struck me very forcibly, when he spoke of the Hill lines of steamships sailing from Seattle or Puget Sound. Now, the condition there is that about 73 per cent of the 1,200,000 tons shipped out of there was carried in American bottoms; but that was a peculiar condition, because the railroad company operating into that port also owns the ship lines, and consequently could probably cover up a little of the deficiencies in its operations on land, so that its cars loaded both ways would be profitable. But suppose some other gentlemen, for instance, from Cleveland, who have so successfully operated ships upon these Lakes, but who are not owners or controllers of transcontinental lines of railroad, should want to put in a line of ships to trade with the Orient. The result would be very different. And by the way, in my opinion the trade with the Orient is the trade that is going to make America the richest by far of all the countries in the world in all history, provided we can go after it.

I believe those who have made possible the construction of the isthmian canal have accomplished something of far greater importance than we of to-day realize or in our wildest dreams conceive. It will stimulate every single industry in America, especially in Ohio, where we make from iron and steel so many things that the world needs. But from the trend of the talk of the gentlemen who have been before you and from the statistics that stare us in the face, which we can not gainsay, it is evident that while that condition may be presented to us, yet if we are incapable of carrying the products in our own ships we will be greatly handicapped in the effort to take advantage of the opportunity that will be afforded.

Now, as to the question of whether we wish subsidies or not. I confess the word does not frighten me a particle. I am perfectly willing to subsidize a man if in subsidizing I shall be profited by it. I am perfectly willing to subsidize a steamship line or a dozen steamship lines if by so doing I shall thereby extend American trade and stimulate the manufacturer, the farmer, and the artisan. I should not in the least be uneasy or afraid of the final decision of the American people upon this subject if I could demonstrate to them that by adopting this course I shall give profitable investment to capital and profitable employment to labor.

A few days ago I was in Cincinnati. General, it is in the south end of the State.

Representative GROSVENOR. I know where it is.

Mr. MEEK. I found a gentleman there who was interested in building canal boats, so I said to him, "Here, you come up to Cleveland and I will take you to the American Ship Building Company there and introduce you to Mr. Wallace. We can build those canal boats in Cleveland, I am satisfied, cheaper than they can be built anywhere else in the world, because we have the best shipyard facilities in America, as far as I know." He thought something about going to salt water, and I said, "The difference between the building of ships in our docks in Cleveland and in the salt-water docks is this: We do not use so much water in the docks nor in the stocks, either," so he

came to Cleveland, and whether he shall build his boats here or not I do not know. Then it had not occurred to me why it was that the lake traffic and our vessel owners were so prosperous. I understood there was no difficulty whatever in financing any shipping project on the Great Lakes that looked at all feasible, and I wondered why it was. I was not familiar with the maritime laws, but I have learned, since your Commission has been here, that our lake traffic is really subsidized in a way. Call it what you will, that is what it is, Mr. Chairman, is it not?

The CHAIRMAN. Undoubtedly.

#### THE SUBSIDY QUESTION FOREMOST.

Mr. MEEK. Now, we have not, that I know of, been complaining here in Ohio about this subsidy to our lake-vessel owners or to the shipyards, and if you will permit me, without wishing to be partisan, because I am not a partisan—I am an American; I was born in Arkansas, “fetched up” in Tennessee, and live in Ohio; so I am a little bit cosmopolitan—I want to say to you that the great Republican victory in Ohio last year was won after a deliberate, strenuous campaign on the part of Senator Hanna, in which he made foremost in almost every speech the subsidy question, and stated frankly and flat-footed: “If you do not want me to work for the subsidy bill do not send me back to the Senate; if you do I will work for it;” and with that challenge the people of Ohio sustained him by an enormous majority. The legislature, in both houses, was so completely carried by the dominant party—their majority being the largest, I believe, in the history of the State—that the Democratic party was almost lost. That is the sentiment of the people of Ohio, if it will be of any benefit to the Commission; and perhaps you already know it.

I am in favor of something being done to aid the American merchant marine, whether it be subsidy, if you call it that, or whether it be tariff differentials, or whether you write into the laws certain other things that will protect and upbuild American shipping. I do not want to see the furnaces in the Mahoning Valley and the Shenango Valley dark. I do not want to see again soup houses on our public thoroughfares. I do not wish to see the anguish and distress that has come to capital from the destruction of banks and institutions day after day because of the fact that people can not find profitable employment, which causes unrest and distrust in the minds of the people. Subsidy! What does Mr. Morris do in his bank? He subsidizes people to come and deposit there by giving them 2 per cent on their daily current balances or 4 per cent on their monthly or three-monthly balances. That is the way he gets his deposits. That is in a manner a subsidy to induce them to bring their money to his bank. He would offer 5 or 6 per cent if he could possibly live under it, and probably \$40,000,000 out of this \$100,000,000 that is in the other banks would come tumbling in there if the depositors were subsidized to that extent.

Why should we be afraid to subsidize our shipping, which has disappeared from the harbors of the world? It would be beneficial to every one of us. We may not see it personally, but prosperity is a thing that is sort of like taxes. It makes very little difference whether a man's name is on the tax duplicate or not, he is paying taxes just the same. So it is with any general prosperity of the country. Every man will be benefited thereby if he is entitled to be benefited.

I am American enough to believe that there is sufficient wisdom, sufficient patriotism, in the American people to meet this condition and to again restore to the high seas the flag that hangs on the wall behind you. I also have sufficient confidence in the wisdom of this Commission, and in the wisdom of the people who are associated with you in both Houses of Congress, to believe that ere long the conditions which make us now hang our heads in shame will be removed, and we will make another contribution to the welfare of humanity in again restoring the merchant marine of the United States to the foremost position in the world. [Applause.]

#### STATEMENT OF J. J. SULLIVAN.

Mr. MCNAIRY. Mr. Chairman, I present to you Col. J. J. Sullivan, president of the Central National Bank of our city and ex-president of the Cleveland Chamber of Commerce.

Mr. SULLIVAN. Mr. Chairman and gentlemen of the Commission, I realize quite fully the great importance of the subject which has been assigned to you for consideration. I realize also my inability to contribute anything to the discussion or to convey to you any information that will be material in the consideration of the question or assist you in formulating your report to your respective Houses.

In this age of competitive strife, each one, if he would succeed, must adhere to his special calling. My business is banking, and I am sure you will not expect me to have more than an incidental knowledge of shipping. It so happens, however, that in this city, where 80 per cent of the active tonnage of the Great Lakes is controlled, bankers have considerable to do with shipbuilding. Indeed, it is a common practice for a ship to be bonded for half its value, the trust company having a lien upon the entire ship and its insurance as a security for the money advanced to the owners. These bonds pay 5 per cent and are to all practical purposes as good as Government bonds. Why are they so? Because the Government has guaranteed, under the coastwise laws, the integrity of the trade in which they ply. The staple business of the Great Lakes, when this great fleet of freight carriers is considered, is the transportation of iron ore.

#### THE BENEFICENT COASTWISE LAWS.

More than three-fourths of all the iron that is made in this country—and this country is the greatest iron-making country in the world—is made from the ores of the Lake Superior region. Practically every pound of that ore is and must always be transported to the furnaces of Ohio and Pennsylvania by water. These ore deposits are wholly within American territory, and therefore the trade is exclusively reserved to the American ship. It is a trade, too, that must grow with the growth of the country; and while there may come an occasional year of depression, the scale must be normally an ascending one. Shipping and shipbuilding on the Great Lakes, therefore, will continue to be a safe and wholesome business so long as the nation's laws concerning the coastwise trade remain unchanged.

The conclusion is perfectly natural that if governmental enactment has done this for the shipping of the Great Lakes, why may it not do likewise for shipping on the high seas? I have no remedies to advance to you gentlemen for any condition that may exist in the over-sea

carriage of our products, only a few thoughts. This question of shipping does not appeal to me as a party measure, and I hope that politics will in no manner enter into its consideration. Measures which have for their aim the upbuilding of the industries of the country appeal very strongly to the great body of citizens, regardless of party affiliations, and are supported unhesitatingly by citizens in general, regardless of political ties. This is the temper in which I think the question of the revival of our shipping should be approached, and I hope this Commission will be favored with advice from men in all parties and all walks of life.

#### A TRUE NATIONAL QUESTION.

The question is a national one and should be viewed and treated from that standpoint. This country has grown great industrially because we have moved as a unit to make it so. It might be said that every single industry within our national jurisdiction has received the concerted aid of the whole nation—every industry save shipping. However small the individual industry may have been it has received the aid of 80,000,000 people. Perhaps some of these industries have received more aid than they needed. I am not prepared to say, but perhaps it is high time to take the swaddling clothes off some of them; but I am quite sure, from some figures in my possession and doubtless the common property of you all, that it is high time specific action is taken by Congress regarding the shipping interests of our country. When a man is full grown he does not need such care, but when an infant he needs it more than he needs anything else.

We are apt to point to the railroads as the great developing agencies of the United States, and so they have been; but have not the railroads been the recipients of enormous aids from the General Government? Are not these enormous grants of land to the railroads in the nature of subsidies? Moreover, every business man knows what a blessing it is to have a fixed income which can not be materially disturbed by the vicissitudes of business. Such an income have the railroads in the postal subsidies. During the past seven years the Government of the United States has appropriated \$238,776,000 for railway mail carriage, and that without subjecting the railroads to the necessity of expending a single penny for railway-car equipment, for the Government has built the mail cars during the past seven years at a cost of over \$33,000,000. In contrast with these figures there is a rather pitiful sum of \$998,000 earned by American steamers for American ocean mail carriage. Of course the Government spent more money than this for ocean carriage of the American mails, but there were not enough mail steamers in existence flying the American flag to earn more than this.

On the face of it, it is a very strange thing that a country with a coast line of more than 10,000 miles, and with an export trade of \$1,500,000,000 per annum, should practically have no ships engaged in its foreign commerce. It is not so very strange, however, when one penetrates beneath the surface. It is really the logical outcome of conditions which obtain both at home and abroad. The condition at home is met with at every corner—a higher wage, a higher standard of living, higher costs, and higher operating expenses—as a result of that policy of protection which has been extended to every department of our industrial life save shipping. The condition abroad is the unequal odds imposed upon American ships by subsidies granted to their rivals

by foreign countries. Witness that England pays \$6,000,000 a year in postal subsidies and admiralty subventions; that France pays over \$7,000,000 for the same purpose; Germany over \$2,000,000, and little Japan has lately begun to pay over \$3,500,000, as against \$998,000 paid by the United States. These subsidies in the case of Great Britain were paid for the carriage of mails by ocean steamers to all quarters of the earth. For what purpose was this done? To establish trade, of course. Trade can not precede the mail.

#### GREAT BRITAIN'S SUCCESS.

What has been the result of this policy, definitely clung to by Great Britain for over forty years? It has extended her trade to all quarters of the earth, in many a part of which it has given her an absolute monopoly, since she is the only country having steamers reaching those parts. With these countries it would be as useless for us to attempt to extend our trade in manufactures as it would be for me to expect to get business through the commercial agent of another bank. Trade to outlying countries can only be pushed by American branch houses in direct communication, through American ships, with the parent house. Blood is thicker than water, and, given the opportunity, a British ship will work for a British house in preference to that of any other nation. Thus it is that the British manufacturer can beat us in the South American market—a part of our own continent. The great need of South America is agricultural machinery, yet every American reaper and every American harvester must first be dumped on Liverpool docks before it can reach the South American consumer. What chance do you suppose it will stand over there if it comes in competition with a similar product of British manufacture?

Therefore, I say this question of over-sea shipping is one which concerns us as merchants and manufacturers and business men. We should keep our export trade as nearly as we can within our own hands for the benefit of our own merchants and manufacturers. I really think the entire country is in the proper temper for this, as was presaged by the last Congress extending the coastwise laws to the Philippines after July, 1906, and directing that all army and navy supplies should be forwarded there in American bottoms.

It is not the purpose of the layman to point out the remedy, and I think the Republican national convention recognized this very clearly last week when it approved the principle of aid and left the form of its application to the members of this Commission.

Gentlemen, I hope you will do your duty for the merchant marine of this country. I don't believe there is a more vital issue before the nation to-day.

#### STATEMENT OF DAVID ARMSTRONG.

Mr. McNAIRY. Mr. Chairman, I now present to you Mr. David Armstrong, who is connected with the ironworkers of the city.

The CHAIRMAN. Mr. Armstrong, the Commission will be pleased to hear from you.

Mr. ARMSTRONG. Mr. Chairman, I am taken somewhat by surprise this morning. I just simply dropped in here to see my old friend, General Grosvenor, and when I started to talk with some of my other friends here I was requested to say something in regard to the sub-

ject of your investigation. I have no set speech at all this morning, gentlemen, and I am here simply to make a brief statement.

Taking it as a whole, I believe in the improvement of the merchant marine. I will say that I believe the ideas of the late Senator Hanna along this line will eventually prevail. I believe in carrying out his ideas. As he stated many a time, it would be beneficial to both the labor and the capital of the country. There are a great many people, you know, Mr. Chairman, who are afraid that if a little subsidy is given to encourage this matter you have under consideration some capitalist will get a slice of the subsidy; and in their view of it, it is looked upon with a great deal of suspicion, and the cry is, "Hold on." As far as I am concerned, Mr. Chairman, I have been a workingman for about forty years. I am now not a retired man. I am just merely tired. I got tired working. I have found that the interest of my employer was my interest. I never saw the day when I failed, and I hope I never see the day when I will fail, to stand up and defend and support my employer; and when my employer is supported I know that I will be supported also. I get a slice of every dollar he makes; but if I place him in a position where he can not earn that dollar I do not get a blame cent. [Laughter and applause.]

#### LABOR AND CAPITAL ONE.

Consequently, my friends, I look upon labor and capital as one. I look upon them as the head and the heart. You do something to affect the heart of a man and you knock the stuffing out of his head. You do something to affect the head of an individual, it cuts no figure whether it is bald or gray, it certainly will affect the heart; and when labor and capital are united, as they ought to be, one and inseparable, then peace and prosperity will certainly prevail in our country.

I have no sympathy with the talk about the war between labor and capital. There is no war between labor and capital. We are all trying to get the best bargain we can; but there is one thing that can not be done in this country or in any other country. There never can be a law made to satisfy both the man who produces and the man who buys. The man who buys wants to get things as cheaply as he can, and the man who sells wants to sell them as high as he can; and no law can ever be made to satisfy those two individuals. So we have to do the very best we can under these circumstances.

My friends, I want to say in regard to this matter that there is not a country in the world but ours that does not assist, in some moderate way, its shipping interests. The United States is in this respect last upon the roll of all the nations of this great world. I notice, in scrutinizing a little pamphlet that was handed me as I came in, that out of 292 ships passing through the Suez Canal 173 were supported and run under the British flag, and simply one under the flag of Uncle Sam. Why, my friends, that is 173 to 1. That is knocking the stuffing entirely out of what we used to hear—16 to 1. [Laughter.]

The United States Government will, in some way to be determined by you gentlemen, render such aid in this matter as will enable our people to build ships with American labor and material, paid for in American money; and when they go upon the sea from one port to another they will carry aloft the Star Spangled Banner, the best banner that ever floated over mankind. [Applause.]

## STATEMENT OF THOMAS G. FITZSIMMONS.

Mr. MCNAIRY. I now desire to introduce to you Mr. Thomas G. Fitzsimmons, president of the Finished Steel Company, of Youngstown, Ohio, and of Fitzsimmons & Co., of Cleveland, Ohio.

The CHAIRMAN. Mr. Fitzsimmons, will you state to the Commission the line of business in which you are engaged?

Mr. FITZSIMMONS. I am an iron and steel worker.

The CHAIRMAN. The Commission will be pleased to hear from you.

Mr. FITZSIMMONS. Mr. Chairman, I am not a banker. I am simply and purely an iron and steel worker of something like forty years in actual service.

I was very much interested in my friend Armstrong's remarks. They took me back to the antebellum days, when the worker on the plantation thanked God that he had a master who looked after his interests. I just wanted to make that remark to show, as far as I am concerned, that there is no mutuality of interest between capital and labor. They are both on separate and distinct lines, and their interests do not jibe.

But I am not here to speak on that point. I am here as an American citizen. I am opposed to all forms of subsidy. If we have any business in this country that can not stand on its merits, with a fair field and no favor, then let it die. We have been told about the necessity of foreign bottoms to carry American products. I do not know what kind of bottoms they are that are taking our steel rails over to the other side and selling them to the foreigners who use them the same as we use them here. The American farmer buys, by use, 47 per cent of his rails in this country. He can get them at \$28 a ton, hauled on American railroad cars. The farmer in Kansas pays, by use, something like 56 bushels of wheat for a ton of rails laid down in his section, while the same rails, rolled in American mills and carried in I do not care what kind of bottoms, can go into the Canadian Northwest Territory and be laid down for the men who buy them, by use, for something like 40 bushels of wheat. My friends, where have the other 16 bushels of American wheat gone in that transaction?

What is true of American rails is also true of American sewing machines. A sewing machine is made in the city of Cleveland and is bought by a farmer in the west end of Cuyahoga County, and it will take to-day 65 bushels of his wheat to buy it. The same machine, carried across the water—I do not care whether it is in a British bottom or an American bottom—can be bought by the farmers there for 20 bushels of wheat. Where have the other 45 bushels of wheat gone in that transaction?

## AMERICAN GOODS IN CANADA.

My friends, it is all down the line the same way to-day. American products are sold in Canada at less than they are sold for in the United States.

The CHAIRMAN. Why do you not go over there and live?

Mr. FITZSIMMONS. I do not have to, my friend. I am here of right, and it is not because we have a lot of politicians who have made laws for us that would drive out men who recognize the American principle of a fair field and no favor.

The CHAIRMAN. Did you say sewing machines were sold abroad at one-third the price here?



Mr. FITZSIMMONS. I said they would buy them for a third less bushels of wheat, my friend.

The CHAIRMAN. No; you said 20 bushels in one case and 65 in the other.

Mr. FITZSIMMONS. That is what I said.

The CHAIRMAN. And you wanted to know what became of the other 45 bushels.

Mr. FITZSIMMONS. I want to know what became of it.

The CHAIRMAN. Then, according to your statement, they are sold abroad at one-third the price at which they are sold here.

Mr. FITZSIMMONS. I said in wheat.

Representative MINOR. Wheat is cash, generally.

Mr. FITZSIMMONS. All right; you can do the supposing, but I said in wheat.

The CHAIRMAN. Have you investigated the proportion of our exports that anyone has ever claimed are sold abroad cheaper than in this country?

Mr. FITZSIMMONS. Yes; the whole of our exports to a great extent are sold cheaper.

The CHAIRMAN. The fact is that the value of our exports is \$400,000,000, and of this amount the Industrial Commission, composed of Republicans and Democrats, reported that \$2,000,000 worth were sold abroad cheaper than at home.

Mr. FITZSIMMONS. That may be. What the Industrial Commission reports I do not know. I know we are selling our products for less in foreign countries to-day than we are selling at home.

The CHAIRMAN. \$2,000,000 worth out of \$400,000,000.

Mr. FITZSIMMONS. I know that 5 per cent of our product goes abroad and the other 95 per cent is held up at home, and the tribute extracted from it.

#### FOR ABSOLUTE FREE TRADE.

The CHAIRMAN. Are you in favor of absolute free trade?

Mr. FITZSIMMONS. I am; yes, sir.

The CHAIRMAN. Were you born in this country?

Mr. FITZSIMMONS. Within pistol shot of where I am now standing. I believe the American has the resources here, I believe he has the ability, and all he wants is a fair field and no favor.

The CHAIRMAN. This Commission is glad to discover an absolute free trader. You are the only one who has appeared.

Mr. FITZSIMMONS. I thought probably you would want to run across one.

The CHAIRMAN. Yes. We like curiosities.

Mr. FITZSIMMONS. Yes, sir. Now, by the way, you know the forefathers of this country did not like any tribute. They would not stand any taxation without representation. King George had been levying his little tribute of 6 cents a pound on tea for a long time, and my friend, Andy Carnegie, living at Skibo Castle, has extracted his pile out of the commerce of this country, and he is not a citizen of it, either.

The CHAIRMAN. The first law passed by the American Congress was a protective law.

Mr. FITZSIMMONS. I know that. But there is a whole lot of people that are always singing "My country and an appropriation." I have not lived up against the grindstone for forty years without finding that out. Probably that is the only reason we are the only country

on the face of the globe where the masses go hungry in the midst of plenty.

The CHAIRMAN. You do not mean that, do you?

Mr. FITZSIMMONS. I do, and the records of our county will prove it. I have attended meetings in the city of Cleveland, in the section from which my friend Armstrong comes, that were called to devise ways and means to help and assist manly men who only wanted an opportunity to help themselves and their families to keep them from going hungry.

The CHAIRMAN. That must have been during the free-trade or low-tariff administration.

Mr. FITZSIMMONS. I do not remember in forty years when we had a low-tariff administration.

The CHAIRMAN. You do not?

Mr. FITZSIMMONS. Maybe somebody else does, but I have been here all the time, and I do not. While we were conferring in those meetings engines on the Nickel Plate and Erie railroads were hauling outside of our boundaries, for the purpose of feeding strangers, train loads of the best this land produces. I do not know whether it went out in foreign bottoms or whether the flag was at the peak or not.

We have here the finest natural resources that an all-wise and generous Providence could bestow upon any people. We have the push and energy of Europe here, for none of us want to admit that we are descendants of Geronimo or Sitting Bull, and for all that we can not engage in the same line of business with other people unless we get an appropriation out of the public Treasury. Well, my experience has demonstrated to my entire satisfaction that the fellow who gets his hand into the public Treasury once is going to get busy like the debtor that gets a 30 per cent settlement. It is always in his nostrils, and he wants more. If we can not raise pineapples in Maine, let us send our surplus sewing machines and our surplus coal oil, and our surplus shafting and steel and other products down to those countries that are not given by nature the opportunity to produce those articles, and let us exchange with them without trying to play with natural laws.

It has always seemed to me, my friends, that this idea of protection was setting ourselves up as being somewhat superior to the Deity. You know the Deity is kind of old and slow. He has laid down His laws and is rather exacting. We have started out on the proposition that if we look after the interests of a few of the big fellows, in the generosity of their hearts they will let the little fellows alone. Nature will arrange her economy. She did not say, as we have, to the ocean, "You feed the lakes, and you lakes run to the rivers, and you rivers feed the brooks, and you brooks see that the springs don't run dry." She reversed it, and the result of it is that Nature says to the springs, "You feed the brooks, you brooks run to the creeks, you creeks run to the rivers, you rivers feed the lakes, and you lakes empty into the ocean." When we have that condition of affairs, my friends, we will not have this stagnation of business. I say it does not begin with the big fellow, in his generosity of heart, but it begins with the multitude. Let the human race follow nature's laws, without anything to curtail them or to hold them, and we will have in this country all the trade we want; and when you resort to that line of action, my friends, the Stars and Stripes will not be a stranger on the seas of the earth, and you will not need to have out of the public Treasury a subsidy or pull to keep it there.

**STATEMENT OF HARRY COULBY.**

Mr. MCNAIRY. Mr. Chairman, I now desire to introduce Mr. Harry Coulby, president of the Pittsburg Steamship Company.

Mr. COULBY. Mr. Chairman and gentlemen of the Commission, Talleyrand, who was considered a past master of old-time diplomacy, said that diplomatic language was invented to conceal thought. I think the twentieth-century diplomacy of America, under our present Secretary of State, which calls a spade a spade and says what we mean, has revolutionized old-time diplomacy. When we sent down to Washington from this State our most prominent business man as a Senator, and the great question of crossing the Isthmus came up, he applied to it business methods. He looked at it just exactly as though the great mercantile house of which he was the head was going to invest its own money to get its products to the consumer, and after he had worked at it along that line he carried you gentlemen in Washington off your feet, and the result was that a business man, applying business methods to a great public work, carried the day.

**A MEANS TO AN END.**

I think the commerce of a nation should be handled the same as the commerce of a large corporation, and I would ask you for just a moment to apply to this great question business methods, to find out just what the trouble is as a business man would look at it, and to see if we can find a remedy. If the rehabilitation of the merchant marine of America were exclusively for the benefit of the shipbuilder on the Atlantic coast or the boiler maker or the seaman, and it should not go further, it would not be worth, gentlemen, the talk that has taken place in this room. As I take it, it is a means to an end. It has been truly said that a chain is only as strong as its weakest link. The purpose of a merchant marine or of a railroad is to connect up the consumer and the producer. We have heard a good deal of talk here to the effect that a nation should consume within itself what it produces. Let us take one of our products at its initial stage. Suppose a man is running a poultry farm. I would not like to ask that man to consume all the eggs that come from the farm, but just the minute you touch those eggs with the magic wand of transportation and turn them over to the man who is producing bacon both men get bacon and eggs. If it were not for the magic wand of transportation one fellow would be bilious all the time eating eggs and the other fellow's liver would be out of kilter all the time from the fat of his own bacon. [Applause.]

Gentlemen, you have gotten right down to the basic principle. We are trying to enlarge the market for American products. I want to see the Chinaman drop his chop sticks and eat a breakfast of buck-wheat cakes and corn pone raised in the West.

**BENEFITED THE WHOLE COUNTRY.**

One thing I object to somewhat is this: You have patted on the back of our people on the Lakes and said to us, "You have been subsidized; now, you should not say much." I rather resent that. We did not get any more benefit out of these deep channels than did all the people of the United States; and by the rehabilitation of the merchant

marine we will get just as much benefit as any other section of this country and no more. What have you done by appropriations for the benefit of these Great Lakes? You have made out of the Far West a consumer of anthracite coal. Before you deepened these channels that coal was put in the cabinet to show people the kind of stuff they dug out of the ground in New York and Pennsylvania; and to-day we can take from Buffalo to Duluth, 1,000 miles, a ton of anthracite coal cheaper than you can get any man to take it off your sidewalk and put it down into your cellar. [Applause.]

Do you not think the miner of anthracite coal in Pennsylvania and New York has had the advantages and the benefits of the deepened channels, when out in the Northwest coal to-day is not a luxury, but a necessity? And what followed in its train? You had to have a base-burner, did you not? Then by reason of this magic wand of transportation the family of the man out West began to come East, and they had to have other things. That is what it has done on these Great Lakes; and the only class of men that I have heard bewail the deepened channels are the old-time sailor men, talking about "the days when we got \$4 a ton on ore from Marquette," but they are dead and gone now.

On this question of the merchant marine we all seem to be agreed on one point. The merchant marine is sick. It has dwindled from 85 per cent to 8 per cent. We have all looked over into its little bed and we see that it is very sick. We have not had very many prescriptions written out as to what we are to do. Let us find out why we want to rehabilitate it, and figure out, if we can, the best way to do it.

#### AFTER LARGER MARKETS.

As I take it, we are after the enlargement of our markets. We are trying to seek markets in the world for the stuff that we produce here. We are trying to get commercial supremacy. There is only one way in which you can do it. You have got to get the stuff there before the other fellow will buy. Eight years ago my attention was called in a most striking manner to this question of our merchant marine. I was coming across on one of the Atlantic liners from Europe, and in the smoking room of the steamer I became acquainted with two traveling men who had been abroad for two years and were just returning home. One of them had been down in Argentina representing the Deering Harvester Company; the other had been out in South Africa representing a large firm in this State that was making steam shovels and mining machinery. I naturally asked them what had been the success of their business. They said they were very much discouraged. The man from Argentina said, "The only way we can get our machines down there is to ship them over to England. When I went down to Argentina I had to get London exchange for my expenses, and the conditions are pretty difficult. On these regular lines our product has to pay a tribute in England before it gets out there. Consequently they beat us just that much." The same story was told me by the man who went to South Africa.

#### A SCIENCE PURE AND SIMPLE.

Gentlemen, the transportation which connects up the consumer and the producer, and which is the very lifeblood of commerce, is a science, pure and simple. It is done in no haphazard way. You must move

the stuff in as near a direct line as you can. The railroads recognize that principle. Take a railroad folder and you will see the air line they draw from one city to another. Of course if the cities are not in an exact line they just make a heavier line, so as to catch them; but they appreciate that point. In the transportation of a ton of freight, just the moment you put it down and pick it up you are adding to the cost of it, although it may be imperceptible. When you have a ton of freight going to Argentina from New York, and you take it to Liverpool and make it pay part of the expense of maintaining those magnificent quays and other appliances, and then you bring it on the other side of the triangle in another ship and make it pay tribute to that ship; you are just simply putting it out of business.

It was truly said here the other day that we have had the eagle up a little bit. We have waved the old flag, but there is not a great deal of sentiment or patriotism in business. When you talk about \$200,000,000 of business that we give to the other fellow it reminds me very forcibly of the true old saying: "Everybody's business is nobody's business." What would be done by a large corporation that had to pay half of \$200,000,000 or a fourth of \$200,000,000 on its product that it wanted to get to the consumer? What have they done? That is the best guide. What have these railroads done? They have established steamboat lines from their termini in the West to their termini in the East. They have an assured and regular service, so that their agents scattered all over the United States can say positively: "We will give you a through bill of lading. We have sailings every day from Duluth and Chicago to Buffalo, and we have connections there," and they get the business. It is necessary to have the connecting link assured.

Three times in my experience of twenty years on these Lakes I have seen the grain from the Northwest backed on us, when the elevators in New York, the cars between New York and Buffalo, the elevators in Buffalo, the boats on the Lakes and the elevators in Chicago and Duluth were blocked, so that neither the elevator, the railroad, or the ship could turn or stir. Why? Because we were waiting for the tramp ship to come over and get our stuff and take it to the consumer; and you will just simply recollect this, that when we want ships there is always a strong likelihood that the other fellow wants them too, and if he owns them they are sailing under the flag of his nation and he is very likely to catch them.

#### NO SURE CONNECTION.

What has been the result? You can not to-day get any man in Duluth or throughout this great country who can figure an absolute, sure connection right straight through to the consumer on the other side of the world. Just so long as you can not do that you can not get the market. The other fellow, who can assure the delivery, will get the market. How is it when you buy your groceries? Your wife goes in the department store and orders the meats and the vegetables for your dinner, and she says: "I want them to come on your 3 o'clock delivery wagon, so that I will have them at 4 o'clock." You do not go to the fellow who says: "Well, Mrs. So-and-so, John Smith does my delivering, but he is out now. He is at Lorain." That is the whole sum and substance of it. It is a transportation proposition pure and simple.

## THE RAILROADS MUST HELP.

Where are you going for your relief? I think my friend Mr. Morris wrote out the best prescription I have heard for this sick child. Transportation is a science in this country, and there is no place in the world where inland transportation has been brought to the high stage of perfection it has reached here. There are men trained to the railroad business, and they do nothing else. They study it. They go after the products of the Northwest. They have their agents like a network spread all over the country to pick it up. They take it to the seaboard, and they can not take it any farther.

Gentlemen, get them together. See if they will not work with you and supply the link. Who is going to put money in it? Are we going to rehabilitate the merchant marine just simply for the benefit of the man who grows wheat rather than the man who makes butterine, the man who makes chairs, the man who makes machinery, and the men who make a thousand and one things that are made in this country? We are going to rehabilitate it for the benefit of them all. Now, tell me where the benefits are going to stop. Will they not come right down all along the line and take in all the people? They will all be directly benefited. Should they not all stand a part of the burden?

They come here and say, "We do not want to work for the wages that are paid on Swedish ships. We think it is an outrage to eat the food that is eaten on English ships." We can not afford to build ships as cheaply as the other man because of the high cost of labor. All right. Let the American people make up the difference. You hear a great deal of talk about freedom. What does it amount to? Do you not protect yourself and your family? Do you not protect your house with insurance? Do you not with accident insurance protect your life against the acts of the other fellow? And still, when it comes to the nation the cry is, "All free." Anything that is free has not much value.

## PROTECT, NOT PAMPER.

If you protect yourself, your family, your house, your life, and your business, it is a pretty good thing for the nation to do. You need not pamper. You can protect; and I do not see any other way, gentlemen, but to carry out the suggestion of my friend Mr. Morris. How do we build ships here? We issue bonds. You can call it subsidy, bonus, land grant, water grant. Of course when you are in this section of the country do not call it franchise, because we can not stand it when you mention that name; but call it anything you please; when you resolve it down, it means one thing—all the people contributing something for the benefit of all the people. I do not care by what name you call it. That does not make any difference.

Your secretary last night put a thought in my mind that had never occurred to me before, and it is an important one. You can build ships and you can build engines. You can do it quickly; but you can not make a sailor man, a captain, or an engineer in a day. It takes time; and as the American seaman does not want to work for Swedish wages, I would put over his hat a band reading, "United States Naval Reserve," and pay him the difference. Then he is there. He is trained, and if ever you want him you can get him. That is what they are doing on the other side. I do not see why we should not fight them with their own weapons. All the people in England

are contributing to the merchant marine. Why should not all the people of the United States do the same thing? Then our two marines will be on the same plane, except that their child is of age and is sturdy and healthy. Ours has dwindled from 85 to 8, and is so awfully sick that I honestly thought here once or twice we were a gang of mourners.

TWENTIETH CENTURY METHODS.

Probably you can work out the rehabilitation of the merchant marine. Get a few steamship lines established to strategic points on the other side. Get the terminals, if necessary. Get your Department of Commerce and Labor going. Get your consuls busy, instead of writing up reports that nobody reads. Let us adopt twentieth-century methods. Suppose the Standard Oil Company wanted to open up a market at some place and they had an agent there; he would get busy right away and see what the prospects were for doing business. Any other great industry would pursue the same course. You have just got to apply American transportation methods and American business methods to this proposition, as you did in the case of the Panama Canal, and it will solve itself a good deal easier than you think.

I have very little more to say. When the question of deepening the waterways on the Great Lakes was brought up in our Houses of Congress there was a movement on the Lakes of not over five or six million tons of freight per annum. If it had been stated at that time what amount of money would have to be expended here, I question whether you would ever have started it. I do not believe you could ever have convinced any man that the amount of freight through these deep waterways would go within twenty years to over 50,000,000 tons. I do not believe anybody would have believed it. You have got to start this thing going. It makes but very little difference to the ultimate outcome whether you start it now or not. It will never down, because it is the nation's life. If you do not do it, all these products will backwater on us and spoil and go to waste, and no man will get the full measure of his production, because you have limited the exchange between nations. It applies just the same between nations as it does between individuals. What good would the eggs be to the poultry man if he could not get them to the man who raises bacon? His eggs would rot and spoil, and they would have no value.

You have just simply got to do it. Whether you do it at this session of Congress or not, in my judgment it is the most important question that is before the American people to-day.

I thank you. [Applause.]

Mr. GOULDER. Mr. Chairman, as one member of the Commission has to leave the city at 1 o'clock, I think we may call our session closed, with the statement that we have issued a broadcast invitation to everybody to come; and I wish to express my belief that you have received the real, true sentiment of the people of this section in the things that have been said to you.

The CHAIRMAN. Mr. Goulder, in declaring this hearing closed I would not be doing myself or the Commission justice if I did not express in a somewhat formal way our appreciation of the courtesies that we have received from the Cleveland Chamber of Commerce as an organization as well as from its membership individually.

I would likewise be doing myself and the Commission an injustice if I did not express our thanks to the several gentlemen who have appeared before the Commission and so freely and frankly stated their views. I think I can safely say we have received more information of a somewhat novel and original character, of a helpful nature, during this hearing than we have received at any other point where our hearings have been held.

And, sir, in leaving you, you may be assured of the fact that every word that has been uttered, whether it has been on one side or the other of the question, will receive careful and conscientious consideration when the Commission assembles, in November next, in the city of Washington to take up the matter with a view of making a report to Congress, as we are directed to do.

I thank you, sir. [Applause.]

The Commission thereupon adjourned.

MILWAUKEE, WIS., *Thursday, July 21, 1904.*

The Commission met in the circuit court room of the Federal building at 10 o'clock a. m.

Present: Senator Gallinger (chairman) and Representatives Minor and Spight.

Also Hon. Joseph V. Quarles, Hon. William H. Stafford, Hon. Theobald Otjen, his honor David S. Rose, mayor of Milwaukee, and representatives of the shipping and other business interests.

#### ADDRESS OF MAYOR DAVID S. ROSE.

Mayor ROSE. Mr. Chairman and gentlemen of the Commission, at a joint meeting of the subcommittees of the Merchants and Manufacturers' Association, the Chamber of Commerce, and the Citizens' Business League, I was invited to attend this meeting of the Commission and in behalf of our people to express to you our full appreciation of the honor your Commission has conferred upon our city by including it in your itinerary.

The question at issue is one of vital importance. As I view it, it involves other questions, the discussion of which would perhaps lead to the consideration of issues which have divided the two leading political parties. Because of that fact, although I have convictions upon it, I would refrain from entering into any discussion of it. Gentlemen will appear before your Commission who can treat it from a practical standpoint.

Milwaukee is deeply interested in the question before you. As an evidence, I would cite the fact that our manufacturing products amount to \$250,000,000 a year, and that we give employment to 85,000 operatives in our manufacturing industries. Our manufactures embrace almost everything. We have obtained some notoriety because of one particular product that we manufacture, and that because of the fact that the manufacturers have been extensive advertisers. I refer to our beer industry. But that is almost insignificant in comparison with the total manufactured product, or when compared with the product of other industries. Our beer industry amounts to about \$20,000,000 a year, while our iron and steel industry amounts to about \$90,000,000 a year.



A GREAT EXPORT TRADE.

Our manufactured products are shipped extensively to every portion of the civilized world, and the manufacturers of those products must of necessity be interested in the question which you gentlemen now have under consideration. They are represented here this morning through the committee of the Merchants and Manufacturers' Association, who, of course, have full authority to represent them and to speak for them.

Personally I commend the policy of creating such commissions. I can remember distinctly the Tariff Commission of 1880, which did most excellent service and patriotic work. It enabled Congress through the Commission to gather information of a local character and to present it to Congress in an intelligent manner.

We have present to-day gentlemen who will give you the benefit of their study and their research and investigation, making such suggestions to you as their practical experience has taught them to be valuable. I assure you that whatever is said to the Commission will be said not only on behalf of those who have a direct interest because of the business in which they are employed or engaged, but it will be of interest to Congress when reported by your Commission.

I wish to make no personal suggestion, because, as I said, I feel that I can not do it without entering into a discussion of questions which have been made political and which, in my judgment, never should have been made political, but rather treated as economic questions.

I will not take your time further, gentlemen. I assure you that your coming is fully appreciated, and that we regard it as a great favor. Yet we feel that you could not in justice have passed us by, because of the splendid interests that Milwaukee has as an integral part of the common interests of our country.

RESPONSE OF THE CHAIRMAN.

The CHAIRMAN. I beg to assure you, Mr. Mayor, of the great appreciation of the Merchant Marine Commission of your presence here this morning, and of your kind words of welcome and encouragement.

This Commission, as doubtless most of the gentlemen present are aware, was created by an act of Congress near the close of the last session. The act provided for the appointment of a Commission consisting of five Senators, to be appointed by the President pro tempore of the Senate, and five members of the House of Representatives, to be appointed by the Speaker of the House, care being taken that both of the great political parties should have fair representation on the Commission.

In obedience to the mandate of that statute the Commission has taken up this great question seriously and with a determination to consider it free entirely from partisan or political bias, and free from any exploitation of any particular theory. Meetings have been held in the cities of New York, Boston, Philadelphia, and Baltimore on the Atlantic seaboard, and in the cities of Chicago, Cleveland, and Detroit on the Great Lakes. We are here, as we were at those cities, for information, asking gentlemen who have given consideration to this great question to give us the benefit of their thought and of their

knowledge. We have gathered a great deal of material that we believe will be of much value to the American people in an effort to solve this very perplexing and troublesome problem. From this point we will proceed to Puget Sound, to Portland and to San Francisco, and a little later on a subcommission will take testimony at the South Atlantic and Gulf ports. We are required to make report to Congress at the opening of the next session.

We are not here, as we have not been at the other places mentioned, for the purpose of wasting time in the discussion of the present condition of the merchant marine of the United States. Every intelligent American understands the condition, and every intelligent American deploras it. What we want to ascertain, if we possibly can, is a remedy for the existing order of things, with a view to recommending remedial legislation.

When we look back to the early history of our country, and to a later period as well, and discover that from 65 to 92 per cent of our imports and exports were carried in American ships, and now we are confronted with the fact that less than 9 per cent of our exports and imports are carried in American bottoms, it requires no spirit of prophecy to see the time when the American flag, so far as the merchant ship is concerned, will be practically wiped from the great oceans of the world unless remedial measures are adopted, and as patriotic Americans, desiring to do what we can to rehabilitate that marine, we are engaged in this inquiry.

#### NEAR THE FOOT OF THE LIST.

It is a significant fact that, leading the world as we do in wealth, in manufacturing, in mining, and agriculture, we are almost, if not altogether, at the foot of the commercial nations of the world in the matter of our deep-sea shipping.

We were glad to come to Milwaukee when we learned that the business men of this city desired our presence here, and we feel that you have greatly honored us by asking us to spend a day in your beautiful and progressive city. We expect to get information here that will be of advantage to us. We have already received a cordial greeting from your business men. We have discovered here what I think exists to a greater extent than in any other city we have visited—a friendly and cordial feeling on the part of the newspapers of your city without reference to politics or considerations of that kind.

We are deeply impressed with the conviction that the meetings of the Commission have already resulted in calling the attention of the American people to this great subject in a more pointed manner than it has ever been brought to their attention before. For one, I am persuaded that when the American people get into their minds the fact that our merchant marine is practically wiped from the seas of the world they will find some remedy for this condition in some way.

We have had advocates of a subsidy before us, we have had advocates of differential duties, of export bounties, of free ships, and of mail subventions, and we have welcomed every man who felt that he had a thought he ought to present to the Commission which would help us in solving this great economic problem, because it is a matter of economics and not in any sense a matter of politics.

Now, Mr. Mayor, you may be sure, sir, that we appreciate the honor you have conferred upon us by saying the words of welcome which you have this morning, and we shall depart from Milwaukee with a feeling that we have received a cordial greeting here that will greatly aid us in the important work we have in hand.

We are reasonably persuaded that the knowledge we have already secured, aided as it will be by the knowledge we are yet to secure, will lead us to the conclusion that there is a remedy for the condition which exists, and that this Commission may at least be able to lay the foundation for legislation that in the future will restore the American flag to the seas of the world, and that will place our great Government in that regard nearer the head of the commercial nations than it occupies to-day.

I thank you, sir, and we are ready for business.

I have been handed a list of names of gentlemen, who, I understand, have expressed a willingness to aid the Commission in the investigation of this question, and first on the list is the name of Mr. Julius Bleyer, of the editorial department of the Evening Wisconsin.

#### STATEMENT OF JULIUS BLEYER.

Mr. BLEYER. Gentlemen of the Merchant Marine Commission: We feel that you come to us well informed as to the economic and fiscal problems that are involved in the intricate question which Congress has referred to you for investigation. At your hearings in New York, Philadelphia, Baltimore, and Boston you listened to statements by citizens who are directly interested as to the greater cost of tonnage in the United States in comparison with the cost of tonnage produced in foreign shipyards, and also as to the greater cost of operating American ships. You also received many suggestions as to methods by which this serious handicap to American marine investment in the foreign trade might possibly be counterbalanced by Government aid. With this information and advice you come to the principal ports of the Great Lakes, a chain of fresh-water seas whose shipping is doubly protected—naturally by a topographical barrier that shuts out foreign competitors, and artificially by the coastwise navigation laws, which prohibit foreign vessels from engaging in the carrying trade between American ports. We have no complaints to make on the score of competition by foreign ships, and are in no need of help from the General Government except for the improvement of harbor facilities and the deepening of important interlake channels. But, nevertheless, as patriotic citizens we have an interest in all propositions for the betterment of American shipping, and are willing to supplement our sympathy with whatever aid the Commission can derive from an expression of our views on the question of extending Government support to the merchant marine that is engaged in competition with foreign tonnage. The marvelous development of the protected shipping of the Great Lakes during the past fifty years is an impressive object lesson that is continually prompting patriotic Americans to institute measures for the rehabilitation of our merchant marine engaged in the foreign trade.

We are proud of the fact that the city of Milwaukee has from its very beginnings been prominently interested in the development of the lake trade and lake shipping. It is of somewhat faint historical

record that a schooner named the *Felicity* left goods for the Indians in Milwaukee River as early as 1779, and this port was undoubtedly quite frequently visited by the small craft of those days which were engaged in trade with the Indians.

#### EARLY MILWAUKEE SHIPPING.

The first vessel to reach Milwaukee was the Chicago Packet, 130 tons, which sailed into the river in 1823, and the second vessel was the *Virginia*, 130 tons, which arrived during the same year. The first steamer to arrive in Milwaukee was the *James Madison*, in May, 1837. These beginnings of lake traffic were inspiring to the pioneers, who in the spring of 1837 made Milwaukee's first contribution to the tonnage of the Great Lakes with the schooner *Solomon Juneau*, named for the founder of the city. From that time Milwaukee became continuously prominent in the development of lake shipping. Numerous fine sailing craft were built on the banks of the three streams which jointly furnish our docking facilities, and these vessels were successively of larger dimensions as the harbors were improved and the demands of lake commerce increased. When steam superseded sail as the propelling power of lake carriers, Milwaukee added a number of fine steamers to the lake fleet.

It is only fair to the vessel owners of the Great Lakes to say that the wonderful development of the carrying trade was not due solely to the protection which nature and the laws afforded lake shipping. The vessel owners of the inland seas have ever been leaders. They have invariably been in advance of the facilities of the harbors and the interlake channels, and the General Government has frequently been impelled to make needed improvements by the persistent display of energy and enterprise on the part of enthusiastic vessel owners. Milwaukee had to show the General Government where to construct her harbor. The natural mouth of Milwaukee River was about 3,000 feet south of the present harbor entrance. The depth of its channel was about  $3\frac{1}{2}$  feet. The Government was requested to abandon the old mouth and cut a channel through the narrow sand spit separating the lake and the river, at the point where our present harbor piers extend into the bay. But it ignored this request and endeavored to improve the old river mouth, which was too far down in the swamp at that time to suit the views of those who were planning a future metropolis. The obtuseness of the Government aroused the ire of the pioneers, and caused them to organize what might be called a harbor improvement bee. They provided refreshments, liquid and solid, and marshaling the sturdy pioneers, attacked the sand spit with spades and shovels and cut the initial channel to the lake on the site of the existing harbor. Storms afterward filled this channel with sand, but the display of energy on the part of those who dug it, and subsequent effort at Washington, caused the Government to improve the artificial harbor, which for many years was colloquially referred to as the "straight cut."

#### THE FINE MILWAUKEE HARBOR.

Milwaukee's early display of interest in her harbor was, however, only a slight exhibition of her confidence in manifest destiny in comparison with the practical interest which she subsequently dis-

played in the deepening of channels and the construction of docks and slips. She has to-day one of the finest harbors on the entire chain of lakes, and is provided with 25 miles of dock frontage. She is now engaged in deepening her river channels and in substituting bascule bridges for the old center-pier structures so as to secure broad and free channels for the passage of the large steel steamers which are to do the grain, ore, and coal freighting of the future. Maj. J. G. Warren, the resident member of the United States Engineer Corps, after a preliminary examination and survey of the triple river system which forms Milwaukee's inner harbor, has recommended the construction of three turning basins for large craft and the straightening of the dock lines in certain places. His recommendation has been favorably received by the city authorities, and it may safely be predicted that the improvements outlined will be made in the near future. They will make Milwaukee's inner harbor all that can reasonably be desired for the accommodation of the great freighters which are to do the lake business.

According to the records of the collector of customs, 5,485 vessels arrived at the port of Milwaukee and cleared therefrom during the year 1903. The aggregate tonnage of this movement of shipping was 6,193,896. Secretary Langson, of the Chamber of Commerce, reports that the aggregate of west-bound freight discharged at the port of Milwaukee in 1903 by vessels of all classes was 3,935,816 tons, and the aggregate of east-bound freight 1,135,952 tons, including car-ferry traffic across Lake Michigan. This latter feature of Milwaukee's shipping business is a rapidly growing one, and Secretary Langson, in his report to the Chamber of Commerce for 1904, expresses the opinion that in the near future it will probably absorb a large proportion of the east and west all-rail freight that has hitherto been moved by way of Chicago.

During 1903 Milwaukee shipped 43,979,107 bushels of grain, including malt, and also including over 4,000,000 barrels of flour reduced to its equivalent in bushels. She received over 100,000,000 feet of lumber by lake during 1903 and 2,649,351 tons of coal.

#### LAKE EVOLUTION.

The vessels engaged in the lake traffic of early days were comparatively small, and were used as circumstances dictated, alternately as carriers of grain and of the so-called coarse freights. As the grain trade developed and its requirements increased the vessels for the grain trade were made larger and the coarse freighting was left for a class of small sailing craft, and for the larger craft which, because of the inroads of time, became unfit for grain carrying. As the vessels of the grain fleet increased in size many beautiful schooners, brigantines, and barkentines were built at the lake shipyards. In those days a carrier having a capacity of 25,000 bushels was a large one. Freight rates were comparatively high and profits temptingly large, and there was a gradual increase in the size of the sailing carriers until a few topped the 50,000-bushel mark. Then the era of steam dawned. A vessel owner of Cleveland converted a barkentine with a capacity of about 40,000 bushels into a steamer. Not only this, he gave her a consort to tow—a partially dismantled schooner. This was the beginning of the end for sailing craft in the grain, iron, and coal trades.

It is worthy of note, by Milwaukeeans at least, that the Cleveland vessel owner's enterprise was foreshadowed in the middle of the sixties by a Milwaukee vessel owner, the late Abner Kirby. Mr. Kirby was the owner of a fine barkentine named the *Cream City*. He conceived the idea of converting her into an auxiliary craft, and furnished her with an engine and a screw wheel. This was done without alteration of the vessel's rig, the plan being to let the sails do the work of propulsion when the winds were fair, and to resort to steam when the winds became light or unfavorable. It was found that the screw wheel was a drag when it was not in use, and that it also interfered with the action of the vessel's rudder. Mr. Kirby was therefore compelled to restore the *Cream City* to her original form.

But the tow-barge idea of the Cleveland vessel owner was original, and pointed the way out for the sailing vessels that were destined to be displaced by steamers. As the number of steamers multiplied, the sailing vessels were shorn of portions of their rigging and converted into barges. Marine views on the Great Lakes at this stage of the change from sail to steam were peculiar. What were then styled "strings" of barges could be seen passing in the distance or heading toward port. These "strings" represented the new carrier of the Great Lakes towing the decaying relics of the era of sail. As the converted sailing vessels yielded to the stress of traffic and the decay of age they were superseded by tow barges built especially for such traffic. These new craft had a larger carrying capacity, and therefore could not be towed in "strings." One would suffice for a steamer.

#### GREAT FRESH WATER SHIPS.

These tow barges were thought to be a permanent feature of lake traffic, but as the interlake channels were made deeper through the beneficent dredging operations of the General Government, vessel owners were enabled to build larger steamers, and as large steamers lack the handiness of the towboat, the tow-barge idea received a check. The large steamers have all they can do to care for themselves, even in fair weather. Therefore, now that the use of steel is enabling lake vessel owners to build steamers that can utilize the 20-foot interlake channels to the utmost, the tow barge seems destined soon to find her occupation largely gone. It will probably be a long time before the tow barge goes out utterly, but there will be less demand for her as the steamers increase in size.

In the winter of 1883-84 the steam tonnage of the Great Lakes overtook the sailing tonnage, and since then it has advanced rapidly, while the sailing tonnage has barely held the level of twenty years ago. The barge tonnage has held a comparatively even course in aggregate tonnage, although the barges are fewer in number. This is explained by the greater carrying capacity of the average barge.

Some of the steamers of the lake fleet are now equal in dimensions to the large ocean freighters, and the tendency is ever toward still larger craft. To illustrate what we have attained to in this respect, I take pleasure in submitting a record of the coal cargoes received in Milwaukee during the season of 1903, which was kindly handed to me by President Uhrig, of the Milwaukee Western Fuel Company. Eight hundred and sixty-four cargoes of coal, aggregating 2,634,234 tons,

were received during the season of navigation, including 197 cargoes of between 1,000 and 2,000 tons, 353 cargoes of from 2,000 to 3,000 tons, 169 cargoes of from 3,000 to 4,000 tons, 47 cargoes of from 4,000 to 5,000 tons, 64 cargoes of from 5,000 to 6,000 tons, 28 cargoes of from 6,000 to 7,000 tons, and 6 cargoes of from 7,000 to 8,000 tons.

#### QUICK DISPATCH, LOWER RATES.

One of the marvels of lake traffic is the rapidity with which immense cargoes are received and discharged. Work which in early days required the labor of many men during periods of several days is now done in a comparatively few hours by machinery. Originally the hoisting machinery was made to conform to the construction of the vessel, but gradually the vessel was made to conform to the dock apparatus, until now we have steamers whose decks are cut by numerous hatchways through which the hoisting machinery can operate with the smallest amount of supplementary labor. A new steamer, named the *Augustus B. Wolvin*, a steel craft 560 feet long over all, recently discharged a cargo of 10,560 tons of coal at this port, and subsequently carried a cargo of 12,289 net tons of iron ore from Escanaba to Chicago. This huge craft represents the latest concession of the vessel builders to economic facilities. She has a series of 33 hatchways, and is practically a long steel hopper, built internally with especial reference to the sweep of the dredge scoops for discharging cargoes.

This deference of the lake vessel owners to the economies of dock apparatus has contributed immeasurably to the development of the lake marine and to the lowering of freight rates. The tendency of freight rates has been as steadily downward as the tendency of the tonnage has been steadily upward. The reduction of rates for grain carrying has been remarkable. In 1857 the average rate on wheat to New York by lake and canal was 25.29 cents per bushel; in 1861 it was 26.55 cents; in 1864, 28.36 cents; in 1866, 29.61 cents; in 1899, 5.65 cents. In Chicago at the present time they are haggling over a rate of 1 cent flat to Buffalo.

The traffic through the ship canal at Sault Ste. Marie is generally cited as evidence of the tremendous activity of lake shipping, but the traffic through the Detroit River is more complete as an index, because it includes the Lake Michigan traffic also. The Blue Book of American shipping states that the tonnage record of the Detroit River for the season of 1902 is in round numbers 48,000,000.

During the season of 1903, 18,596 vessels passed through the Sault Canal, carrying an aggregate of 34,674,437 tons of freight. The traffic through this waterway reveals the size of the later-day lake carrier. During 1903, 97 of the carriers were over 400 feet in length; 175 were between 300 and 400 feet; 314 between 200 and 300 feet; 227 between 100 and 200 feet, and only 82 of less than 100 feet.

#### AGREES WITH MR. CLYDE.

The sympathy of the general public being in favor of assisting our languishing merchant marine engaged in the foreign trade, the question before you is whether it is possible to extend assistance sufficient to overcome the heavy handicap, and if so, to ascertain how the assistance

shall be extended. I have followed the hearings of your honorable Commission with great interest, and have noted the points that have been raised and the arguments that have been advanced. In my humble opinion, Mr. Thomas Clyde, of the Clyde Line of steamers, stated the proposition succinctly at your New York hearing. As it costs from 30 to 40 per cent more to build a ship here than abroad, he suggested a construction bounty to offset this difference; as the cost of operating an American ship is about 30 per cent more than the cost of operating a foreign ship, he suggested an operating bounty or subsidy; and as speed is expensive, he suggested a mail-service bounty.

These views are in accord with my own. It has been said that the extra cost of the American ship would not deter investment in shipping for the foreign trade if the cost of operating the American ship were not higher than the cost of operating foreign ships. This is probably true; but a subsidy plan might be made to comprehend an interest return for a fixed period—an annual rebate large enough to pay a nominal rate of interest on the extra investment plus a percentage for depreciation. Roughly, a rebate representing a 4 per cent rate of interest on the extra capital and a 5 per cent rate on the same extra capital to cover depreciation ought to put an American investor on an even footing with the foreigner, so far as the ship is concerned. If a rebate of this kind were provided, it could be limited to a fixed term of years, as it is probable that with a revival there would eventually be a standardization of hulls like that which has obtained in the ship-building trade of Great Britain, and in consequence ships might eventually be built as cheaply on this side of the Atlantic as in foreign yards. This element of the proposition is within the scope of the protective tariff idea—that of building up struggling industries.

#### A WAGES REBATE.

The problem of extra cost of operation is one that will probably resist ultimate solution. It can not be solved unless American wages decline to the level of European wages, or foreign wages increase to the level of American wages. As neither of these changes are within the bounds of rational expectation, the disadvantage in the matter of operation must be regarded as permanent. As the aim of protection to American industries is to provide a barrier against the foreign competitor equal in height to the difference between foreign and American wages, a rebate is suggested in the case of shipping, based upon a close estimate of the percentage of increased cost of operation. For instance, after a vessel owner had presented his statement as to cost and received his annual rebate in interest upon the extra capital invested, plus an allowance for depreciation, he could be allowed a rebate based upon his expense account for the year, or a rebate per head based on this showing as to the number of men employed during the year and the number of days of employment. This would keep the subsidy or rebate down to actual losses, and obviate payment by the Government for the time during which ships are lying idle. It seems to me that assistance could be extended in this way without danger of overpayment in any case. Besides, a tonnage rebate system and a wages rebate system could be understood by the average taxpayer, and would therefore be viewed with less suspicion.



## SPEED MUST BE PAID FOR.

The mail-service bounty could be extended on the principle upon which compensation for mail-train service is based. Speed is costly, and in order to insure it a liberal price should be paid the mail service. It has been stated that the railroads get \$8.10 from the General Government for carrying mail matter whose weight does not exceed in amount that of freight which is carried for the express companies for \$2.43½. In other words, it is said that the Government pays three times as much for carrying the mails as the railroads charge the express companies for the same service. If this be true, the difference can be said to represent the premium paid for the rapid carrying of the mails. If this is allowable in the mail service on the railroads, it ought to be fair to pay a high rate for the carrying of the mails on the seas in order to stimulate the development of steamship traffic.

Gentlemen, the problem is a knotty one, because of the great handicap of American shipping. If this handicap is not too great to be counterbalanced by Government assistance, the help that is extended for the purpose of rehabilitating our merchant marine should be given in such manner that the taxpayers will be able to analyze the subsidy. No involved system of tonnage bounties, based upon the number of miles sailed or the average speed, should be adopted. The taxpayers must be reckoned with as well as the shipbuilders and vessel owners. [Applause.]

## STATEMENT OF FRANK G. BIGELOW.

The CHAIRMAN. It has been suggested that Mr. Frank G. Bigelow, president of the First National Bank, may desire to say a word to the Commission. We shall be pleased to hear Mr. Bigelow.

Mr. BIGELOW, I thank you, Senator. I have very little to say except as speaking for the interests here. I am in the banking business, to which I give most of my time, and there are also some other interests that I have. I believe that all progressive business men in Milwaukee, without much regard to party perhaps, are in favor of some help to the shipping interests of the country and especially to those interests that you are considering. I think that is all that can be said, because after all the merit of any bill and the way any bill would be considered by the same business men must depend entirely upon its terms. If it can be accomplished so as not to overdo it, if it can be enacted into a law that will appeal to the sense of fairness, I think you are on the right track and that something should be done for these interests.

The CHAIRMAN. Mr. Bigelow, I should like to ask you a question as a banker. In Boston the Commission called some of the leading bankers of that city and interrogated them as to whether they would, under existing conditions, be willing to invest any money in ships for the foreign trade. The answer was that unless conditions could be equalized to a much greater extent than they are to-day there was not a dollar of capital that could be obtained from the banks in the East for that purpose.

I assume that in view of the fact that the lake shipping has the protection of nature and the protection Congress has given it by the

exclusion of foreign ships there is no difficulty in securing capital for the building of ships on the Great Lakes?

Mr. BIGELOW. None whatever; it is growing all the time. They have their up and down years——

The CHAIRMAN. Certainly.

Mr. BIGELOW. But there is no trouble in getting capital to increase the lake shipping.

The CHAIRMAN. Do you agree, Mr. Bigelow, with the Boston banking men, that if by judicious legislation an equalization of conditions could be brought about capital would invest in ships for the foreign trade, as well as in lake shipping?

Mr. BIGELOW. I certainly do.

Mayor ROSE. Mr. Bigelow is the president of the American Bankers' Association, Mr. Chairman.

### · STATEMENT OF DAVID HARLOWE.

David Harlowe appeared before the Commission.

The CHAIRMAN. Mr. Harlowe, will you state to the Commission what line of business you are engaged in?

Mr. HARLOWE. I am representing the Allis-Chalmers Company. I am traffic manager of our firm, which, by the by, is the largest manufacturer of machinery in the United States.

The CHAIRMAN. The Commission will be pleased to receive any suggestions you may feel like favoring us with.

Mr. HARLOWE. We ship extensively to all parts of the world, and to some ports there are very good shipping facilities. There are a number of vessels from New York and other Atlantic ports to the Baltic and Northern Europe, but to Mediterranean ports the vessels are very small and sailings infrequent.

A number of large shipments have to be transferred at Hull and other English or German ports. There are very few vessels going from New York to Mediterranean ports which can handle large pieces of machinery. In fact, there are not many vessels equipped for handling any large pieces. We had a shipment for Glasgow three or four years ago, in which there was a piece weighing 30 tons, and there was only one steamship line in the United States that could handle it. To South America the vessels run very irregularly, possibly at periods of once a month or every six weeks.

The CHAIRMAN. And they are all foreign steamships?

### NEED OF STEAMSHIPS TO SOUTH AMERICA.

Mr. HARLOWE. They are all foreign steamships. The same condition applies to the west coast of America. There are very few vessels sailing from New York or from any other Atlantic port to the west coast of America, and from San Francisco there is only one line of steamers coasting as far as Panama, but none south of Panama. It seems to me that there should be a line of steamships from Pacific coast ports to the west coast of South America, and that there should be steamers sailing oftener than at present from New York and other Atlantic ports to the east coast of South America.

It appears to me that there would be considerable advantage in having a large American merchant marine by reason of the fact that

at present most of the vessels sailing from our ports are owned by foreign capital and these foreign owners are interested in lines to the same ports from Europe. Consequently they will make no rates from United States ports lower than those that apply from European ports.

If we could have a marine of our own it would be cut away from all foreign entanglements, and our steamship agents would be in a position to make a rate to help the home manufacturer as against the foreign manufacturer. Competition is very keen in all manufactured articles, I presume. It is the case in ours, and especially in shipments from England and Germany. We should have a marine of our own that would pay no attention to the rates which are promulgated from the other side, but just go on and enable us to meet competition in the delivery price at destination. I think that point should be borne in mind, gentlemen.

#### A LINE TO BUENOS AYRES.

The CHAIRMAN. If we had, for instance, Mr. Harlowe, a line of steamships from New York to Buenos Ayres, which could be aided in some way, by mail subventions or otherwise, do you think it would tend to build up American trade in that country, where we get less than our share now?

Mr. HARLOWE. Certainly, particularly in enabling the manufacturer to get a rate which will meet foreign competition. Now the boat lines make about the same rate from New York and London, at least they charge no less from New York than they charge from London, and occasionally shipments have to be made via England for South American ports—Brazilian ports.

The CHAIRMAN. Of passengers almost exclusively so?

Mr. HARLOWE. Yes; they prefer to go that way; it takes too long to go the other way. As I said, to the west coast there are no vessels from Atlantic ports. We ship considerably to Chile, Peru, Ecuador, and Bolivia, and that has to go mostly by Panama. As you know, on the route via Panama there is a continual handling of machinery shipments, which makes it very expensive, and shipments are more liable to break; and then when they do break, our customers are in a hurry. They have a mine there which must stop for a piece of machinery, and we can not duplicate it as quickly as we wish.

Representative MINOR. You are bothered somewhat at times, in shipping to South America, in securing a proper ship to convey the shipment?

Mr. HARLOWE. Time cuts a considerable figure with our customers. If we have to ship around the Horn and transship it, it will take possibly two months, and we have therefore to ship via Panama and pay a higher rate in order to get quick service.

Representative MINOR. You think if we had ships running direct from a few ports in the United States to those ports in South America, we would get better dispatch and more regular service?

#### BUILDING UP A TRADE.

Mr. HARLOWE. Yes, sir; and we would be building up a trade as well as taking care of it. Also please bear in mind that there should be service from the Pacific coast to the west coast of South America.

Representative MINOR. Is it a fact that any considerable amount of shipments are going from the United States to South American ports by way of Liverpool?

Mr. HARLOWE. I do not think so; but it occasionally occurs. We do not ship that way.

Representative MINOR. It was claimed in Cleveland and also, I think, at some of the Atlantic ports, that a great deal of our exports went in that way, in a sort of a triangle.

Mr. HARLOWE. Of course, I am only speaking in regard to our own shipments. I know nothing of anyone else's.

Now, take the Philippines. We have a good service across the Pacific to the Philippines and also to China and Japan and certain parts of Australia. If you want to ship to Melbourne or Adelaide or Perth, large ports, you can not ship via the Pacific coast unless you transship at Sydney, and it is the transshipping which costs considerably. Then, to the Philippines we have no line from New York, I think, that is owned by American capital. The same with India and China. The vessels to India and China leave New York about once a month. A considerable improvement could be made in regard to the dates of sailing.

#### FROM LAKE TO OCEAN.

The CHAIRMAN. As a shipper of merchandise, have you indulged in the dream of a possible future waterway from the Great Lakes to the seacoast?

Mr. HARLOWE. Yes, sir; I have. I think that Milwaukee and Chicago could maintain a line of service to Europe.

The CHAIRMAN. Have you given any thought—this is a little outside of the jurisdiction of the Commission, and yet it has been broached at some of our hearings—have you given any thought as to the route for the waterway connecting the Lakes with the ocean?

Mr. HARLOWE. No, sir; I have not.

The CHAIRMAN. It would be a great boon to the American shippers on the Lakes, of course, as well as to the country at large, if that could be brought about?

Mr. HARLOWE. Yes, sir.

I have no further suggestions to offer to the Commission. If you have any questions to ask I would be pleased to answer them.

The CHAIRMAN. We are much obliged to you, Mr. Harlowe.

#### STATEMENT OF DAVID VANCE.

The CHAIRMAN. The next name on the list which has been handed me is that of Mr. T. J. Fleming. [A pause.] If he is not present, the next on the list is Capt. David Vance, shipowner.

Mr. VANCE. Mr. Chairman, I think there is a mistake there, because it was distinctly understood between myself and Mr. Watrous, the secretary of the Citizens' Business League, that I was not to appear before the Commission for the purpose of making any statement. If there are any questions the Commission wishes to ask me I shall be very pleased to answer them to the best of my ability.

The CHAIRMAN. Let me ask you in what line of business you are engaged?

Mr. VANCE. In the Lake transportation business, principally.

The CHAIRMAN. Have you anything to say to the Commission in reference to transportation on the Lakes that would be of interest to us?

Mr. VANCE. I have nothing prepared at all. Of course the evolution of the Lake business has been very accurately described by our friend, Mr. Bleyer.

The CHAIRMAN. We have found at other Lake ports that though appreciating what Congress, through the navigation laws, which exclude foreign ships from our seacoast trade, has done for the Great Lakes, there has been a feeling expressed by the people on the Great Lakes that they would be glad if some method could be devised to give protection in some form to the merchant marine on the seas. Do you share in that feeling?

Mr. VANCE. I do; and I think that is the opinion of a large majority of the people, provided it could be done in some fair, reasonable manner that would saddle a subsidy on the Government for only a limited period. So far as I am concerned, I think that the question you have before you now is one of the most difficult problems that any Commission ever appointed had to solve.

The CHAIRMAN. We appreciate that, Captain Vance.

Mr. VANCE. There is the one fact alone of the excessive cost of running our ships over what foreign countries have to pay that is almost insurmountable, in my opinion. Of course the different countries of Europe have different grades of expenses. So far as I have been able to learn, the English and the French run on about parallel lines in the expense of running freighting ships. Germany runs hers cheaper than either one of those countries, and Norway and other Scandinavian countries run their ships cheaper than Germany does, so much so that my English friends tell me that for a great many years past a large amount of English tonnage has been registered in Norway by English owners, for the purpose of running their ships under more favorable navigation laws and at a much cheaper rate of expense than they even can run them out of their home ports.

#### AGAINST FREE SHIPS.

The CHAIRMAN. The matter of free ships, Captain, has been discussed before our Commission by some gentlemen who have felt that the solution of this problem lies in that direction; but in every instance when we have asked practical shipowners if they were allowed to purchase a ship abroad as cheaply as England or any other nation could buy it, whether or not they would navigate it, they have immediately answered that they could not possibly do it, because of the excessive cost of navigating it and the subsidies that are given by other nations, while we do not give anything of the kind. Do you sympathize with that view, Captain?

Mr. VANCE. That would be my opinion. From my experience and information I have reasoned that the main difficulty is not in the cost of building the ship; it is in running her, after she is built, under our navigation laws and under other expenses that we are put to.

Representative SPIGHT. Captain, have you thought anything about the propriety and beneficial effects of a return to the old doctrine of discriminating duties and tonnage taxes for the purpose of countervailing the increased cost of American shipping?

Mr. VANCE. No; I have not gone into that sufficiently to give any decided opinion about it. I have always understood that it was a very perplexing question in regard to our treaties and such things.

Representative SPIGHT. You have not thought, then, of the effect of that policy in lieu of a direct subsidy?

Mr. VANCE. No; I have not. Of course the word "subsidy," as we all know, is a bugbear with a great many people in this country. The idea was advanced, I think, by Mr. Minor, when those subsidy bills were brought up, that the subsidy was to run only for ten years.

Representative MINOR. For ten years, in the amended bill.

Mr. VANCE. The question in my mind is, suppose we subsidize foreign commerce for ten years and build it up temporarily, what shape will it be in at the end of the ten years, and could we get along without it or not.

Representative SPIGHT. Have you thought about the danger, when the subsidy would be withdrawn, that the ships would stop running?

Mr. VANCE. Yes; that is the idea.

Representative SPIGHT. And that if the subsidy plan should be adopted it must be perpetual?

Mr. VANCE. It seems to me if our Government enters into that system they must certainly look to it to be permanent, or any way to run longer than ten years, as proposed, if it is to be anywhere near a success.

#### LARGER SHIPS, LOWER RATES.

Representative MINOR. However, I remember the time when you were one of the first builders of what we called the large steamer fleet, and you built the *David Vance*, which carried about 70,000 bushels of wheat.

Mr. VANCE. Yes; the *Vance*.

Representative MINOR. Ten years prior to that time you were carrying from 15,000 to 20,000 bushels?

Mr. VANCE. Yes.

Representative MINOR. And when vessels carrying grain from the West to Buffalo in cars of twelve, fifteen, twenty, and twenty-five thousand bushels each, the freight rates were all the way from 7 to 15 cents a bushel on wheat?

Mr. VANCE. Yes; all the way from 6 or 7, the minimum, up to 20 or 21 and 22.

Representative MINOR. You built one that carried 75,000 bushels?

Mr. VANCE. Yes.

Representative MINOR. What freight rate did you get when you started in with the *Vance*?

Mr. VANCE. We obtained from 2½ and 3 cents, the minimum, up to 6, 7, and 8 cents, the maximum, as I remember it.

Representative MINOR. At 6 cents a bushel you could make money, even on a sailing vessel?

Mr. VANCE. Yes.

Representative MINOR. By reason of its large capacity?

Mr. VANCE. Yes.

Representative MINOR. Now, the ships that are carrying our exports across the ocean will average about 5,000 tons—a tramp ship?

Mr. VANCE. They average that.

Representative MINOR. I should like to have you express your opinion to the Commission as to what you think would be the result of installing the machinery that you have on the Lakes for expediting the loading and unloading of ships and the increase of the size of vessels as you have increased them on the Lakes, thereby reducing our freight rates here, so that to-day we are getting a freight rate to any place West cheaper than any country on earth. Is it your opinion that by installing that machinery and handling cargoes quickly and keeping a ship on the sea rather than at the dock, and building large ships, as Mr. Hill has done, you reduce the cost of the transportation service?

Mr. VANCE. Yes; materially, keeping the ships outside as much as possible and in port as few days as possible.

OF WIDESPREAD BENEFIT.

Representative MINOR. The argument in favor of building up the merchant marine for the foreign trade is not wholly to restore the flag as it was prior to the war of the rebellion, neither is it to favor any particular interest on the Atlantic coast, but we believe that if it can be properly done it will benefit the producer and the manufacturer as well as the shipowner, thereby carrying benefits to the people residing in the interior of the United States as well as on the coast. If we can do that, then we can be sustained in any action that is reasonable which we may take. Therefore, I should like to get your view as to the effect it would have upon the producer and the manufacturer.

Mr. VANCE. Oh, well, any cheapening of transportation certainly would be a benefit to the producer as well as the consumer. Of course nothing in the world but the liberality of our Government in opening our waterways on the Lakes here and improving them has put us in a shape where, when we used to get 20 cents a bushel for grain from here to Buffalo, we are glad to get it at a cent now. Every dollar that has been expended in the great inland waterways here has benefited the people of the West just as much as it has the consumers in the East or in Europe. There is no doubt of that fact.

Representative MINOR. The building of the harbor here in Milwaukee, which is a magnificent one, has been a great benefit not only to the people of Milwaukee but to the people residing in the West and the East as much as to those of the city of Milwaukee. Was not that a sort of a subsidy?

Mr. VANCE. Well, the Government did not build our "straight cut," as we call it. We built it ourselves.

Representative MINOR. I remember that the Government built the breakwater.

Mr. VANCE. Yes, it built the breakwater.

Representative MINOR. I know something about it.

Mr. VANCE. Milwaukee built her own harbor—this grand harbor that she has.

Mayor ROSE. She ought to have had help from the Government to do that.

Representative MINOR. I know; and would if you had been on deck here.

## SUBSIDY AND DIFFERENTIAL DUTY.

Mr. VANCE. But you may say all these public improvements, if that is what you have reference to, like our breakwater and our deep channels and fine harbors, and everything like that, might be looked upon as a subsidy by our Government. I would say that the line was pretty finely drawn.

Representative MINOR. What would be the donation of our public lands to aid the construction of a transcontinental railway?

Mr. VANCE. A subsidy.

Representative MINOR. Are not most good things subsidies? I do not want you to understand that I am committed to a subsidy by asking these questions, but I want it to appear in the testimony. You are a practical man and I am asking a practical question.

Mr. VANCE. Such donations as you have mentioned are certainly a subsidy.

Representative MINOR. So when we come to get right down to it and analyze the word "subsidy," there is not such a great bugaboo in it, after all, is there?

Mr. VANCE. No; I think myself that a good deal of it is imagination.

The CHAIRMAN. Nor is there very much difference in principle between a direct subsidy and a differential duty. In the first place the money gets into the Treasury and is paid back, and in the next place the Treasury fails to get the money at all. That is the only difference, is it not?

Mr. VANCE. That is the only difference I should say, Mr. Chairman.

Representative SPIGHT. Captain, is there not this other consideration, too, connected with the idea of discriminating duties, that by reason of those discriminating duties, or in other words, the lower rates of duty charged upon foreign goods shipped in American vessels, we would stimulate and encourage foreign shippers to ship their goods in American bottoms instead of shipping them in foreign vessels? Would we not get for the American shipping interests greater benefits in that way than we might get from a direct subsidy?

Mr. VANCE. I am inclined to think that way myself, sir, if it could be carried out.

The CHAIRMAN. I do not know about that.

Representative SPIGHT. You spoke of the bugbear of a subsidy. Do you not think there is somewhat of a bugbear also with reference to this question of abrogating treaties?

Mr. VANCE. Oh, I am not sufficiently posted as to their nature and binding qualities to give an opinion.

## LOSING ALL THE TIME.

Representative SPIGHT. You know it is a fact, however, that while we are bound hand and foot by these treaties with foreign governments and restrained from putting into operation any system of discriminating duties, they have obviated that difficulty, so far as they are concerned, by their subsidies and bounties, and they are the beneficiaries, not we. We are losing all the time and they are getting the benefit of it.

Mr. VANCE. I am frank to say that my own idea, if it could be done, is that it would be a great deal more effective and permanent if



done in the way of discriminating duties than by a direct subsidy, a most offensive manner to the large number of the people of this country.

The CHAIRMAN. We are much obliged to you, Captain.

**STATEMENT OF E. A. UHRIG.**

E. A. Uhrig, president of the Milwaukee-Western Fuel Company, appeared.

Mr. UHRIG. Mr. Chairman and gentlemen, I hardly expected to be called upon to address this meeting, but having been engaged in Milwaukee for the past twenty-five years in receiving coal, I naturally take an interest in marine matters and in shipping. However, not being directly interested in this very important question, I have not any views to express. Since this Commission has started on its mission I have read most of the arguments that were made, and I exceedingly regret there is not anything I can add to the very valuable testimony which has been offered to the Commission.

Being on the local committee to make arrangements for this hearing, I naturally interviewed quite a number of our citizens on the question of appearing before the Commission and addressing it. I found that a majority of those I spoke to were not at all familiar with the question, and therefore possibly we will not be able to present as much valuable testimony here at Milwaukee as you have received in other cities.

But I am of the opinion that the Commission is doing a good work. Its visits to different cities are arousing a sentiment, as far as I can perceive, in favor of helping the merchant marine in the foreign trade. I sincerely trust that on your further visits additional testimony will be offered and that it will enable the Commission to frame some measure that it can recommend to Congress.

As far as I am concerned, if not any more than from a patriotic standpoint, I should like to see the merchant marine on the ocean helped to the fullest extent possible. But, as I have stated, I am not directly interested. Until this Commission started on its mission I never had given the matter any thought. Therefore I exceedingly regret that I can not add something to what has already been said that will be of material assistance to you in framing your recommendations.

The CHAIRMAN. We have had three gentlemen, Mr. Uhrig, before the Commission, one of them Hon. John Barrett, our former minister to Siam, and afterwards to Argentina, and now to the Republic of Panama, each of whom traveled around the world three times. On one of Mr. Barrett's trips he traveled 25,000 miles in a direct line and, an equal distance miles in side lines. They all testified that during those trips (nine in number) around the world they did not see the American flag on a merchant ship. That is an illustration of the deplorable condition which now exists.

Mr. UHRIG. I read that statement, and, as I said, I read practically all the statements that were made. No doubt a good deal of valuable testimony has been given to the Commission. I concur in the remark you made in your address that the newspapers, particularly in Milwaukee, are doing a good deal to get their readers acquainted with this question. If they will keep up the good work I do not doubt but that it will have very good results.

## THE PEOPLE WOULD APPROVE.

The CHAIRMAN. And it is stated, I think correctly, that in the month of January of the present year 292 vessels passed through the Suez Canal and only one of them had the American flag at the peak.

Now, Mr. Uhrig, in view of that fact, is it safe for this Commission to assume that if some method can be worked out which will be fair and equitable and not oppressive upon any one class for the benefit of another the people of this section would favor such legislation?

Mr. UHRIG. I am decidedly of the opinion that they would. I do not see how they can feel otherwise. If they take the pains to read all the testimony that has been given to this Commission in the various cities I can not see how they could feel otherwise, if a measure such as you suggest was recommended.

Representative MINOR. Mr. Uhrig, how long have you been in the coal business?

Mr. UHRIG. Twenty-five years.

Representative MINOR. I understand you have a yard that is equipped with all modern appliances for unloading?

Mr. UHRIG. We have.

Representative MINOR. You received the *A. B. Wolvin* loaded at a Lake Erie port with coal?

Mr. UHRIG. Yes, sir.

Representative MINOR. It had a cargo of 10,566 tons of coal, or something like that?

Mr. UHRIG. 10,569 tons. I should like to add that after discharging the coal at Milwaukee she proceeded to Escanaba, and carried a cargo of iron ore from Escanaba to South Chicago, consisting of 12,300 tons.

Representative MINOR. With your appliances, how long does it take you to unload 10,000 tons from that ship?

Mr. UHRIG. It took us four days. We could have unloaded her in a shorter period, but we could not take her to our largest dock, where we have eight clam-shell hoists, on account of the draw of one bridge not being wide enough. The draw of that bridge is 52 feet wide, and the *Wolvin* has a breadth of 56 feet.

In consequence we had to go to a dock where there were not as good facilities, and there we were unfortunately handicapped. When we planned that dock we never expected that a boat like that would ever be offered to us to unload. She has, as Mr. Bleyer stated, 33 hatches and is practically an open barge. We could not move our derricks to reach the coal in the extreme bow and aft. Ordinarily at a dock where you can not move the derricks you move the boat, but this dock is situated right at the bridge, and we could not move the unloading derricks to suit the vessel, nor could we move the vessel to suit the unloading derricks. In consequence of that we were delayed.

## IN THREE DAYS.

Representative MINOR. With a dock prepared with hoisting apparatus that you could move as you desired, how long would it take to unload it?

Mr. UHRIG. That differs. I understand that they unloaded her cargo of iron ore in Chicago in about fifteen hours.

Representative MINOR. 12,300 tons?

Mr. UHRIG. Yes, sir. I would not hesitate to guarantee to unload 12,000 tons at our largest dock, if we could bring it in, in three days.

Representative MINOR. About 4,000 tons a day?

Mr. UHRIG. Yes, sir.

Representative MINOR. Twenty-five years ago how long would it take to handle that amount of coal?

Mr. UHRIG. I have a little incident in my mind which I have repeated to vessel men at various times. Twenty-five, I think, twenty-six years ago, what little coal we received in those days, 6,000 or 7,000 tons, was received principally from Oswego. It came through the Welland Canal in what we called canal schooners, of about 500 tons burden. We had three vessels loaded there probably at intervals of three days, the schooners *Penokee*, *Typo*, and *Oliver Mitchell*. They reached Milwaukee at about the same time. Those three cargoes consisted of about 1,500 tons. In those days we had nothing but wheelbarrows and horses with which to hoist.

We cut off a kerosene barrel and put a rope on the top, and with a horse and the Irishman or German and the wheelbarrow it took us, I think, a week and a half to unload the three boats. During that period of unloading, our business, as far as delivering coal was concerned, was entirely suspended. We could not deliver any coal because we had three boats there, each of 500 tons, and all our time was taken in giving those boats dispatch, and it took us, I believe, a week and a half. That was in 1876 or 1877.

Representative MINOR. And now the *A. B. Wolvin*, with 12,000 tons, can be unloaded in three days and is kept going. Is not that the reason why you are able to carry freight cheaply?

Mr. UHRIG. Undoubtedly.

#### THE SAME ON THE OCEAN.

Representative MINOR. And you have every reason to suppose that if proper encouragement is given to ships in the foreign trade the Atlantic coast would adopt our lake methods for loading and unloading ships, thereby giving dispatch as far as possible? I do not mean to say that all ships engaged in that trade could be unloaded as quickly as we could unload them on the Lakes, but the unloading could be expedited very much, one-half or two-thirds the time now spent at the dock could be obviated by the adoption of some other method of handling, thereby enabling them to make more trips and reducing freight charges.

Mr. UHRIG. That is one reason, I understand, why our coal is not exported from here. With no improved methods in loading they hang up the ships and have large freight rates, and can not compete with coal from other countries.

Representative MINOR. Some Eastern people anticipate that if the Government will give proper encouragement to ships to engage in the foreign trade they will adopt the same methods we have here on the Lakes, thereby giving expedition and enabling them to carry freight cheaper than now. The great problem of commerce is cheap transportation. It is commerce which England, Germany, and the United States are in the race for. It seems to me that anything we can do to cheapen transportation, thereby conferring a benefit on the producer, will be a benefit to our country.

Mr. UHRIG. Yes; I understand that some of our soft-coal producing companies have looked into the question of establishing fast unloading plants at prominent points abroad for the handling of soft coal. They are going into that question.

The cost of unloading coal here at that time was, as I mentioned, about 40 cents a ton, and with the rapid handling machinery we have now we can do it for a very small amount.

Representative SPRIGHT. Would it embarrass you to explain how it is that a man of your apparent youth has been engaged in business for twenty-eight years?

Mr. UHRIG. My looks may deceive you. I am not so young as I may appear to be.

Mayor ROSE. It is good air, good food, and good beer that keep Milwaukeeans youthful.

Mr. UHRIG. And good consciences.

#### STATEMENT OF WALTER READ.

Walter Read, of the Filer & Stowell Company, appeared.

The CHAIRMAN. Mr. Read, in what line of business are you engaged?

Mr. READ. I am a manufacturer of machinery.

The CHAIRMAN. The Commission will be pleased to hear from you on any phase of the matter we are considering.

Mr. READ. I do not know that I can give you any particular light on the subject. We are manufacturers of machinery, but have done very little in exporting. What little we have done has been with the Dominion of Canada principally and to Mexico. I think we have made only three or four other shipments for export.

The CHAIRMAN. Have you made any effort to establish trade with South America?

Mr. READ. Not any special effort. We have been kept quite busy with our home trade. If there are any questions you would like to ask in connection with the business I would be glad to answer them. The export business has not been a branch that we have indulged in.

The CHAIRMAN. Home consumption has taken care of your product?

Mr. READ. Home consumption has taken care of our product. Our specialty has been sawmill machinery and Corliss engines.

#### SHIPS TO SOUTH AMERICA.

The CHAIRMAN. As a manufacturer, do you agree with certain other gentlemen who have impressed upon this Commission the view that if we had a line of ships between, say, New York and Buenos Ayres our trade with South America might be largely developed?

Mr. READ. It is my private opinion that it might be. I understand that at the present time one of the drawbacks to furnishing goods for South America is the time that is required in getting them forward to their destination, and especially in the line of machinery such as we manufacture, where there is always great liability to breakage, it would take so long to get repairs that the sawmills might be shut down for weeks before they could be put in operation again. Of course, with the facilities we have in this country for quick shipment by express we are frequently called upon to send several thousand pounds of goods where the express charges are several hundred dollars, even as high as

\$500, to get the mill promptly in operation, their expense being possibly \$500 a day in some instances when they are shut down.

The CHAIRMAN. Mr. Read, we are very much obliged to you.

Mayor ROSE. Mr. Read represents the Filer & Stowell Company, one of the largest manufacturing establishments here.

#### ADDITIONAL STATEMENT OF JULIUS BLEYER.

The CHAIRMAN. I have several other names on my list. The next is that of Mr. Walter O. Vilter.

Mayor ROSE. Mr. Vilter is on the road, and I presume he will be here in ten minutes.

The CHAIRMAN. Until Mr. Vilter arrives, is there any volunteer who wishes to say a word in connection with this important subject?

Mr. BLEYER. It seems to me that the movement to connect the Great Lakes with the ocean is one which would not receive very much sympathy here, because that would remove a part of our protection. It would remove the natural protection we have, and throw the foreign trade open to foreign ships, and place us where New York vessel owners are in foreign shipments. Unless the Government provided a subsidy to offset that we would prefer to have that topographical barrier remain.

The CHAIRMAN. I thought likely that was the case.

#### STATEMENT OF GEORGE H. D. JOHNSON.

The CHAIRMAN. It has been suggested that Mr. George H. D. Johnson may be willing to say a word to the Commission.

Mr. JOHNSON. Mr. Chairman and gentlemen of the Commission: It was not my expectation to speak on this question, for while I have a general interest in it, I have no statistical information to offer. But I should like to emphasize a point which was made by one of the speakers. He said with regard to the question of ship subsidies, the taxpayers must be reckoned with as well as others. I have been engaged for over thirty years in the grain-receiving business, handling the grain crops of the Northwest, and I think the grain producers are opposed to ship subsidies. They have a feeling that the Government is getting extravagant in a great many directions.

They are keenly alive to their own interests and are seeking cheaper outlets for their grain. I have known them to haul their grain away from the home market to a near-by town for a fraction of a cent a bushel, and unless it could be shown to them that it would cheapen the cost of the grain-carrying trade and react to their advantage, they would have no more than a sentimental interest in this question. They, with all the rest of us, deplore the fact that the American flag is not floating to a greater extent over the merchant marine, but it is no more than a sentimental feeling.

The same farmers who raise grain have great quantities of stock to sell. One of our packers said the other day that he had no particular interest in this question other than a sentimental interest, that in exporting their meats they were simply looking for lower freight rates and they did not favor the granting of public funds for owning ships.

## AN INTERNATIONAL CONFERENCE.

I think the producers of the Northwest would favor an international conference, a conference between the nations to try to do away with ship subsidies. They have grown philosophical over the question of seeing American products exported under foreign flags, knowing that it is due largely to the fact that the cost for labor is higher here. I think they feel that foreign nations are having this question before them as a great burden and that they would like to do away with ship subsidies. I think there might be some such conference held as took place some time ago between Germany and France with regard to doing away with the sugar bounties. At all events, they oppose appropriating public moneys for building up the shipping industry, particularly when they realize that it would have to be continued for a long series of years. If it could be accomplished in five or ten years they might possibly submit, but they realize that that would be only the beginning.

The CHAIRMAN. Mr. Johnson, just one point. The fact is that we pay out approximately \$200,000,000 a year to foreign steamships for carrying our exports and imports, thus depriving our own country of that amount of money annually which might go into circulation. It goes a little beyond the sentimental question, does it not?

Mr. JOHNSON. Yes, sir; it does.

The CHAIRMAN. That is rather a practical view?

Mr. JOHNSON. Yes, sir; that is true. But we understand that a large portion of that money comes back to the owners of stock in foreign ships.

The CHAIRMAN. American stockholders?

Mr. JOHNSON. Yes, sir.

The CHAIRMAN. Some portion of it.

## HOW COULD THE UNITED STATES APPEAL?

Mr. UHRIG. Mr. Johnson suggested that an international commission be appointed to take up this question. I do not see how they can include the United States in their deliberations until the United States makes a better showing.

The CHAIRMAN. The point Congressman Spight made a moment ago has not been raised before at any hearing of the Commission that I can remember, and it strikes me it is very important. It is that foreign nations entering into commercial treaties with the United States, bringing about what is called the reciprocity of the seas, which actually resulted in the destruction of our marine, have now destroyed that equality by giving subventions and subsidies. It is a question how far that might go toward justifying us in the abrogation of those treaties, which we have a right to do upon one year's notice according to the terms of the treaties. That is worth considering.

Representative SPIGHT. Mr. Uhrig, along the line of an international agreement to abolish subsidies, I think your suggestion is a very pertinent one, that the United States could not enter into an agreement of that sort, or could not ask for a convention of that sort, because we are not in the thing, and we could hardly, with much grace, ask other nations to withdraw their aid when they are looking alone to the upbuilding of their own shipping interests. Do you think that a movement in that direction would be at all practical?

Mr. UHRIG. I did not understand just what was the particular object of the international conference. I did not hear that part of the statement.

Representative SPIGHT. I inferred from Mr. Johnson's suggestion that it was with a view to abolish and discontinue subsidies to the shipping interests. Was that your idea, Mr. Johnson?

Mr. JOHNSON. Yes, sir; that was my idea, thinking there might be some basis among the leading commercial nations for working without granting these subsidies. The statement was made the other day by one of the members of the local committee that English shipowners are now registering their ships under Norway registration for the sake of getting some privilege there, showing that England, which has always granted subsidies, is subjected to troubles growing out of competition between nations on that question. While the United States does not grant subsidies still it has foreign trade relations which may be modified somewhat in the interest of some of the nations that grant subsidies, and as a consideration for their doing away with subsidies and putting all nations on the same basis.

Representative MINOR. Mr. Johnson, you would not expect that the United States could be a party to any conference of that kind?

Mr. JOHNSON. Well, it might possibly be done through some reciprocal arrangement by which some modification of duties could be made as a concession on the part of the United States.

WE ARE NOT CONSIDERED.

Representative MINOR. I think it would be the desire of the United States to see them done away with, but as we are not paying any subsidies, as we are paying nothing to our ships engaged in foreign trade except a mail subvention to a few that are carrying the mail, we could not expect to be taken into consideration in any such conference. Germany, France, and England are the powers that are paying a high subsidy, and we would be compelled to follow them, not they to follow us. We are not at all a carrying power on the ocean. We are not considered as a carrying power.

Mr. JOHNSON. Such a movement, perhaps, would not be properly brought about through the initiative of the United States; but suppose England, France, or Germany were to inaugurate the movement to-day and invite the United States to participate in it, then we might propose something of that kind.

Representative MINOR. We might offer such advice as we had to give, but I do not think we would be a factor.

Mayor ROSE. Would not that depend largely on the fact whether the subsidy paid by Germany or England is regarded as burdensome?

Representative SPIGHT. I was just going to make the suggestion that I might understand how France could favor a proposition of that sort, because while France's subsidy is very large it is well understood that the advantages accruing to French shipping are not commensurate with the amount paid in the way of subsidies. They might enter into a convention of that sort in the hope of being benefited. I do not see how we could inaugurate a movement of that kind, or even ask for it.

**STATEMENT OF WILLIAM O. VILTER.**

Representative OTJEN. Mr. Vilter, representing the Vilter Manufacturing Company, is now here.

The CHAIRMAN. The Commission will be pleased to hear from Mr. Vilter.

William O. Vilter, the secretary and treasurer of the Vilter Manufacturing Company, appeared.

The CHAIRMAN. Mr. Vilter, you are familiar, I judge, with the purpose and scope of this inquiry?

Mr. VILTER. Yes, sir; I am, to a certain extent.

The CHAIRMAN. The Commission will be pleased to hear any views which you may have to advance.

Mr. VILTER. Mr. Otjen asked me to appear here. I am not sufficiently prepared to say very much on the subject. I think it rather more appropriate for the Commission to ask any questions, and I shall be glad to answer them as far as possible.

Representative OTJEN. I suggest that you state to the Commission to what countries you have shipped machinery, and that perhaps may draw out some questions on the part of the Commission.

Representative SPIGHT. And any difficulties you may have had in getting transportation for your product.

Mr. VILTER. Our experience has been that we have had but very little difficulty in transporting our machinery to other countries, except possibly in the way that when the shipment did not get to New York or San Francisco in the proper time to reach the particular steamer it would have to lie over two weeks or three or four weeks, until the next steamer arrived. That is about the only trouble we have had to contend with. The people in other countries, you know, are not as alert as we are here. So they actually do not care whether a shipment gets there two weeks late or not, as far as machinery is concerned. I suppose if it was a food product or anything of that kind they would want it to get there as quickly as possible.

**SOMETIMES SLOW ABROAD.**

I will relate an instance, to show how slow some of them are: We shipped some machinery to Manila and also to Germany. It took one concern about a year after it got there before they erected it, and it took the other man about five years before he finally made up his mind to get the machinery started. It was rather expensive machinery and the man did not have sufficient energy to get that expensive machinery started so that he could have a revenue from the use of it. I do not know that there would be any benefit in increasing the marine on that account.

Representative OTJEN. Just give the countries to which you have shipped.

Mr. VILTER. Very well. We have shipped to Australia, to England, Germany, France, Manila, indirectly to South America, and possibly to a few other countries which I do not think of.

Representative OTJEN. To China and Japan?

Mr. VILTER. Yes; to China and Japan, and largely to Mexico. Although some shipments to Mexico have gone by steamer or vessel, the large majority of our machinery there goes by all rail. We have a



very nice string of customers in Mexico, mainly on ice-making and refrigerating machinery.

The CHAIRMAN. You say that you have shipped indirectly to South America? What do you mean? By way of Europe?

Mr. VILTER. No; I mean through New York houses; that we secured the order here, and it was combined with other shipments and went forward from New York. I mean that we did not ship directly to the parties in South America, with the exception of quite a number of years ago, when we shipped some machinery to a brewery down there.

The CHAIRMAN. Have you made any special effort to develop trade in South America?

Mr. VILTER. No; not in particular. We have written to a number of them there. We have had inquiries from there, and have written to the people, but that is about all; we hear nothing further from it. We give them information, estimates, etc., and we hear nothing further.

The CHAIRMAN. If we had a line of steamships from New York to Buenos Ayres, what is your opinion as to the probability of developing American trade in your own line and in other lines?

Mr. VILTER. I think that would be of but very little use. If we wanted to work up a trade in our line there we would have to send a representative there who was conversant with the local conditions, the language, etc.

The CHAIRMAN. Would you do that if you had a line of steamers direct?

Mr. VILTER. I do not know why we should not do it now, if it was our intention to do it then. It would not cost us any more to get the shipments down now. I will tell you, gentlemen, the reason why we have not developed it so much is because we have been rather busy for our own country and the other countries I have spoken of. We have been running our establishment day and night right along.

Representative MINOR. Have you been bothered very much with the breakage of parts of your machinery?

Mr. VILTER. En route?

Representative MINOR. Yes.

Mr. VILTER. Very little.

Representative MINOR. Some complaints have been made of careless handling by foreign vessels.

Mr. VILTER. I know it is carelessly handled. We have had a little complaint on that score, but not very much. We generally endeavor to secure it in such a manner that it will not break. We box it, crate it, or fasten it in such a way that it will not break. We also ship some to Cuba—small refrigerating machines—but of course our main trade is here, for this country.

The CHAIRMAN. Your export trade, then, is a very small part of your entire business?

Mr. VILTER. Well, it is a very good trade. Yes; it is a comparatively small part of the entire output.

#### AMERICAN AGENTS ABROAD.

The CHAIRMAN. There is a great clamor in the country in favor of opening new avenues abroad for American manufactures and American products. Is it your opinion, or is it not your opinion, that the

establishment of American steamship lines, if it could be brought about in a proper way, would have a beneficial effect in that direction?

Mr. VILTER. My personal and private idea would be that it would not have such a great effect on it. I think it would lie with the house itself, whether or not it made special efforts, either through certain people there, by advertising, or in some other way. I do not know that the establishment of boat lines direct would have so very much to do with it.

Representative MINOR. At the terminal point over there, there would be an American in charge, undoubtedly. The agents soliciting freight for that line would be American citizens, unquestionably?

Mr. VILTER. Yes, sir.

Representative MINOR. And every pound of freight they would solicit would be an American product. Do you not think that that would be a strong help to a house that desired to extend its trade?

Mr. VILTER. Yes, sir; since that is the idea, it would be quite weighty on the proposition. I did not know just what you gentlemen wanted to know. I brought a few of our catalogues along to show you a few of the parties we have done business with in other countries. I thought it might interest you. Here is a part of our shipments to Mexico [indicating].

We have more here to foreign countries [indicating], to Canada, China, England, France, and Mexico. Here is Germany [indicating]. A large Corliss engine was shipped there. Here is British Columbia, and along here Canada [indicating].

Representative MINOR. You have quite a foreign trade?

Mr. VILTER. Yes, sir; with foreign countries—France, Japan, Mexico, and Jamaica. Here is a large order we shipped to Manila, P. I., a 200-ton refrigerating machine.

The CHAIRMAN. We are much obliged to you, Mr. Vilter.

#### ADDITIONAL STATEMENT OF DAVID HARLOWE.

Mr. HARLOWE. Mr. Chairman, I wish to call attention to the question of breakage. There is a maritime law prohibiting stamping across bills of lading "subject to owner's risk of breakage," etc., and a penalty of, I think, \$2,000 prescribed, one-half to go to the informer. Most of the steamship companies, however, mark their bills of lading just the same. It is intended as a scare, and it acts as a scare. If you attempt to collect a claim from a steamship company they say the law does not apply in that way, and so on. I wish the Commission would look up the law. It is a circular issued by the Treasury Department.

Representative MINOR. I am very glad you made that statement, Mr. Harlowe, because I wanted to follow my question up a little further. I understand that shippers are bothered about breakage?

Mr. HARLOWE. Yes, sir.

Representative MINOR. I think you have suffered some?

Mr. HARLOWE. Yes, sir.

Representative MINOR. And I know others have suffered. We have found that to be the case from testimony given before the Commission. I wish to ask you, as a shipper, if it is not your opinion that in an American ship, with American appliances suitable for handling such machinery as you are shipping, it would be less liable to breakage

than when shipped in an ordinary tramp, with imperfect machinery, and handled in any possible way they can handle it? Would not the American handle it more carefully and be more interested in it?

BREAKAGE A SERIOUS MATTER.

Mr. HARLOWE. He would have more interest in it and be quicker. We do not have the same difficulty in getting a claim settled when the shipment is made via the Pacific, where the railroads themselves are interested more or less in the steamship companies. But this question of breakage is a serious matter.

Representative MINOR. I think so.

Mr. HARLOWE. We had a claim involving \$250 in the case of a shipment from New York to an Australasian port. The ship's agents at one end would say, "take it up with the ship's agents at the other end," and then they would send it to and fro, notwithstanding this law which specifies that there shall be no stamp across the bill of lading relieving the vessel from liability. Of course we can not afford to go to law in every case of that kind; and it is not good policy to raise matters on a line you are shipping by continually, because you have got to make use of it.

The CHAIRMAN. Is that a statute or a Treasury regulation?

Mr. HARLOWE. It is a statute issued by the Treasury Department.

The CHAIRMAN. They could not issue a statute unless Congress enacted it.

Mr. HARLOWE. I understand.

The CHAIRMAN. It is probably a regulation of the Department.

Mr. HARLOWE. No; it is a law.

Representative MINOR. It is not merely the damage the machinery sometimes sustains. You would prefer to stand that if the company would ship promptly and give satisfaction?

Mr. HARLOWE. Yes; but I think the steamship company should be held responsible for any and all breakages while the shipment is in their possession. If you load a car by rail you have opportunities of protecting your shipment by blocking it and doing other things, and if it does not arrive at its destination in a good condition, with ordinary handling, there may be a good excuse for the railroad company declining to pay the claim. But you have no redress from a steamship company. You can not load the shipment; the stevedores attend to that.

AMERICANS MORE CAREFUL.

Representative MINOR. If an American line were established and running, and intended to continue in that business permanently, not like a tramp, chartered to-day to take a load from New York to Argentina and the next time to Africa, here to-day and there to-morrow, but a permanent American line, trading between our Atlantic ports or Pacific ports and some country where we desired to build up a trade, is it not more than likely that it would exercise great care about breakage in order to preserve its own reputation?

Mr. HARLOWE. I think so. It may be merely a coincidence but it is a fact, nevertheless, that the shipments we have forwarded via the Pacific coast, by lines in which American capital is more or less interested, have reached their destination without any breakage, while

shipments via New York and other Atlantic ports are oftentimes broken. Then, as you see, it is not a question so much as to the value of the breakage, but as to the time consumed in getting new parts of the machinery.

Mr. Harlowe subsequently handed to the Commission a copy of the following circular:

CIRCULAR.—*Bills of lading, transportation of merchandise in vessels, etc.*

[1893. Department, No. 104. Bureau of Navigation.]

TREASURY DEPARTMENT,  
Washington, D. C., June 30, 1893.

*To collectors of customs and others:*

The act relating to "navigation of vessels, bills of lading, and to certain obligations, duties, and rights in connection with the carriage of property," approved February 13, 1893, is printed below to supply requests made to the Department for copies.

O. L. SPAULDING,  
Assistant Secretary.

[PUBLIC—No. 57.]

AN ACT Relating to navigation of vessels, bills of lading, and to certain obligations, duties, and rights in connection with the carriage of property.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That it shall not be lawful for the manager, agent, master, or owner of any vessel transporting merchandise or property from or between ports of the United States and foreign ports to insert in any bill of lading or shipping document any clause, covenant, or agreement whereby it, he, or they shall be relieved from liability for loss or damage arising from negligence, fault, or failure in proper loading, stowage, custody, care, or proper delivery of any and all lawful merchandise or property committed to its or their charge. Any and all words or clauses of such import inserted in bills of lading or shipping receipts shall be null and void and of no effect.

SEC. 2. That it shall not be lawful for any vessel transporting merchandise or property from or between ports of the United States of America and foreign ports, her owner, master, agent, or manager, to insert in any bill of lading or shipping document any covenant or agreement whereby the obligations of the owner or owners of said vessel to exercise due diligence properly equip, man, provision, and outfit said vessel, and to make said vessel seaworthy and capable of performing her intended voyage, or whereby the obligations of the master, officers, agents, or servants to carefully handle and stow her cargo and to care for and properly deliver same, shall in any wise be lessened, weakened, or avoided.

SEC. 3. That if the owner of any vessel transporting merchandise or property to or from any port in the United States of America shall exercise due diligence to make the said vessel in all respects seaworthy and properly manned, equipped, and supplied, neither the vessel, her owner or owners, agent, or charterers shall become or be held responsi-

ble for damage or loss resulting from faults or errors in navigation or in the management of said vessel nor shall the [the] vessel, her owner or owners, charterers, agent, or master be held liable for losses arising from dangers of the sea or other navigable waters, acts of God, or public enemies, or the inherent defect, quality, or vice of the thing carried, or from insufficiency of package, or seizure under legal process, or for loss resulting from any act or omission of the shipper or owner of the goods, his agent or representative, or from saving or attempting to save life or property at sea, or from any deviation in rendering such service.

SEC. 4. That it shall be the duty of the owner or owners, master or agent of any vessel transporting merchandise or property from or between ports of the United States and foreign ports to issue to shippers of any lawful merchandise a bill of lading, or shipping document, stating, among other things, the marks necessary for identification, number of packages, or quantity, stating whether it be carrier's or shipper's weight, and apparent order or condition of such merchandise or property delivered to and received by the owner, master, or agent of the vessel for transportation, and such document shall be prima facie evidence of the receipt of the merchandise therein described.

SEC. 5. That for a violation of any of the provisions of this act the agent, owner, or master of the vessel guilty of such violation, and who refuses to issue on demand the bill of lading herein provided for, shall be liable to a fine not exceeding two thousand dollars. The amount of the fine and costs for such violation shall be a lien upon the vessel, whose agent, owner, or master is guilty of such violation, and such vessel may be libeled therefor in any district court of the United States, within whose jurisdiction the vessel may be found. One-half of such penalty shall go to the party injured by such violation and the remainder to the Government of the United States.

SEC. 6. That this act shall not be held to modify or repeal sections forty-two hundred and eighty-one, forty-two hundred and eighty-two, and forty-two hundred and eighty-three of the Revised Statutes of the United States, or any other statute defining the liability of vessels, their owners, or representatives.

SEC. 7. Sections one and four of this act shall not apply to the transportation of live animals.

SEC. 8. That this act shall take effect from and after the first day of July, eighteen hundred and ninety-three.

Approved, February 13, 1893.

#### STATEMENT OF H. M. MERRYMAN.

Representative OTJEN. If the Commission is not ready to take a recess, Captain Merryman, an old sea captain, is here who perhaps would say a word.

The CHAIRMAN. We shall be pleased to hear from Captain Merryman.

Mr. MERRYMAN. What little I have to say will be from personal experience.

The CHAIRMAN. That is the best kind of testimony, Captain.

Mr. MERRYMAN. I was engaged in the merchant marine for over twenty years as master and owner. I was with American shipping in its great prosperity and also in its decline. I have joined with others

in making an effort to induce Congress to save American shipping. During the seventies some 200 of us in New York and Philadelphia signed a petition to get Congress to do something to aid American shipping; but it never amounted to anything, because they thought we asked for too much. We went over all the different methods, discriminating duties, carrying per cent per mile for all freight—foreign, and also a direct subsidy. Discriminating duties we put aside because it would not save the cotton trade. The cotton trade is what built up American shipping, and as about half the shipping coming West has to come as ballast, there would be no discriminating duties. We also saw even then, and that was some years ago, that freight coming to the West would invariably come by the way of Montreal, if anything could be saved, in foreign vessels.

#### AN EARLIER EFFORT.

We decided that the only thing that would save American shipping would be to ask for a direct percentage of 20 per cent. That was hardly equal to what would be required to put the American on an equal footing with the foreigner, but yet 20 per cent in addition to the business done would undoubtedly have kept the American marine going.

We considered that the sentiment of carrying the American flag on our ships to all parts of the world was very beautiful and that every American should help to maintain it, but, yet, as the shipowner wanted dollars in return for his investment, we believed that the General Government should make up something in regard to it, and we made an effort, as I said. That was in 1874. But that bill never got beyond the committee. We were satisfied that it was no use to ask for anything else, because nothing else would save the shipping. We made a strong effort then; and I still believe that is the only thing that can build up the merchant marine. I am now a member of the Shipmasters' Association of New York, and feel a great interest in the subject. But after that we saw that the American shipping was doomed, and hundreds like myself, in middle life, were obliged to seek other business.

The word "subsidy" is an awful expression to many, but I think the people generally, especially in the West, if it was considered that it was the only thing that would save our American ships, would be more lenient with it.

Representative SPIGHT. Captain, I have had no experience and but little observation along the lines which you have studied. I did not exactly understand your statement with reference to the effect of discriminating duties upon the cotton market.

Mr. MERRYMAN. Because there would be nothing to be paid; there would be no duty.

Representative SPIGHT. There can not be any such thing as an export bounty. We can not pay anything for carrying our exports.

Mr. MERRYMAN. No, sir.

#### DIFFERENTIAL DUTIES AND COTTON.

Representative SPIGHT. But I do not understand why an American ship carrying cotton from this country could not, under the discrimi-

nating-duty policy, bring back a cargo of foreign goods just as well as any other vessel.

Mr. MERRYMAN. As I stated, one-half the ships in the cotton trade are coming this way in ballast.

Representative SPIGHT. Why would that be so?

Mr. MERRYMAN. There are not imports enough.

Representative SPIGHT. If the inducement is held out to foreign shippers to ship their goods in American vessels by giving them a lower rate of duty, why would those ships come back in ballast?

Mr. MERRYMAN. Foreigners would be willing to take freight less the discriminating duty. They would take any freight to hold their ship down in the water. There are some 6,000,000 bales of cotton now shipped from our shores to Europe, and that requires a large fleet. Our Government has done a great deal to forward the foreigners. I have sailed out of the port of Galveston when we could carry only 12 feet on the bar, but now the Government has made it so the foreigner can carry 16 feet. At New Orleans, also, it is the same way; it has gone from 16 feet to 22 feet, and the foreigner gets the benefit, because he can build large ships and carry large cargoes.

Representative SPIGHT. Well, if we build those large ships, too——

Mr. MERRYMAN. Yes, sir; if we could.

Representative SPIGHT. I understand there is a difference in the cost of construction in favor of the foreign shipbuilder——

Mr. MERRYMAN. Oh, yes, sir.

#### WE CAN CONTROL IMPORTS.

Representative SPIGHT. But our idea is that we can compensate in part for that by in some way encouraging the shipping of foreign goods in American bottoms. We can not control our exports, we can not prevent them from being sent in foreign bottoms if foreign ships offer lower rates, but we can in some way, perhaps, control the importation of foreign goods in American vessels or induce the shipment of foreign goods in American vessels. That is the idea, I imagine, of a discriminating-duty policy.

Mr. MERRYMAN. Yes, sir; but of course merchants are always studying different ways to get their goods in on the cheapest line. If it is cheaper to bring goods by way of Montreal to Chicago that will be done and the American ship will be avoided.

Representative SPIGHT. You think that under the discriminating-duty policy the foreign shippers would meet that reduction in the duty and ship their goods at cheaper rates?

Mr. MERRYMAN. There would be so much doubt in the mind of the American shipbuilder that he would hardly chance it to build suitable ships to engage in the trade. He must be assured by the Government that he is going to be put somewhere on an equal footing with the foreigner. Then he would go ahead.

Representative SPIGHT. If your idea is correct, that in order to meet our discriminating duties foreign shippers would reduce their rates, I can see how at last our people would get the benefit, because we would get goods here cheaper than we have been getting them, and therefore the consumer would get the benefit of lower rates.

Mr. MERRYMAN. But the ship would not get any benefit. We are speaking of doing something for the benefit of ships.

Representative SPIGHT. I know; that is what we are talking about; and I do not exactly see how that is going to work out.

Mr. MERRYMAN. In our great export trade we can see that discriminating duties——

Representative SPIGHT. If you will permit me for a moment, your idea is in conflict with anything we have had heretofore. The objection which has been made heretofore to discriminating duties has been mainly along the line that there was danger of retaliation on the part of other governments, but you say the danger would be that they would put down their rates.

Mr. MERRYMAN. I have sailed in Yokohama, Hamburg, all European ports, and viewing the situation from that side I can see what their determination would be, and that they would get the business.

Representative MINOR. Captain, suppose you owned an American ship flying the American flag, engaged in foreign trade between our Atlantic coast ports and South America, or the Orient, where a large percentage of their products come in free of duty, perhaps because they are noncompeting articles. The philosophy of a discriminating duty is that it will make a certain reduction for freight shipped in American bottoms?

Mr. MERRYMAN. Yes, sir; that is so.

Representative MINOR. They can not make a reduction unless there is a duty on the imports. Where is the inducement coming from to ship in an American bottom if there is no duty on the import; if it is not on the dutiable list?

Mr. MERRYMAN. That is a point I would bring out. The great wish is to do something. Thirty years ago I went all through this question, just the same as you are doing now, trying to save American shipping. We knew very well that unless something was done the American ship was doomed. We could not hire men as cheaply as the foreigner could. We might as well go to Chicago to-day and ask a striker to return to his work for a dollar a day as to ask a sailor to go aboard a ship for the wages the foreigner is paying.

#### MUST SUBSIDY BE PERPETUAL?

Representative SPIGHT. Your idea, then, I see, Captain, if I understand you, is that the only remedy is a direct subsidy?

Mr. MERRYMAN. Yes, sir; that is what I believe.

Representative SPIGHT. Then, would that system ever find the end?

Mr. MERRYMAN. I do not know why a guaranty could not be made for a number of years, sufficient to promise the builder the time to put his ship in service and get returns.

Representative SPIGHT. Then, would there not be danger that when the subsidy was withdrawn the ship would cease to be operative?

Mr. MERRYMAN. They would always have that to fear, but yet after the ships were built they might be able to show the good work done and they would keep them up. They could easily show them that.

Representative SPIGHT. I can see very well how if a direct subsidy plan were adopted and kept up perpetually it would work; but it can not be promised that it will be never ending in that way.

Mr. MERRYMAN. It would seem as if a subsidy was a large amount, but you can take a pencil and easily determine what it would be on a



shipment of cotton and grain. It does not require very much to assist. All they want is assistance. Our streets are full of first-class boys and men fit for sailors who only want a chance to go on an American ship.

Representative SPIGHT. If we adopt the subsidy system, what is there to prevent foreign countries from retaliating by increasing their subsidies, and then we are operating upon an increased ratio?

Mr. MERRYMAN. That might be.

Representative SPIGHT. And we have got to continue to increase ours in order to keep pace with them?

Mr. MERRYMAN. If we have our own ships and pay for what we have we have nothing to ask from the foreigner. We have a large export trade going all the time, and if we only had ships to carry half of it it would be a great thing for the country and a great thing for our people engaged in the shipping business.

Gentlemen, I thank you.

RECESS.

The Commission thereupon (at 12 o'clock and 15 minutes p. m.) took a recess until 2 o'clock p. m., at which hour it reassembled.

#### STATEMENT OF E. T. WHEELOCK.

The CHAIRMAN. Mr. E. T. Wheelock, editor of the Milwaukee Sentinel, has kindly consented to give the Commission the benefit of his views on the subject under consideration.

Mr. WHEELOCK. Mr. Chairman and gentlemen of the Commission, I have assumed, of course, that it is unnecessary for me to go into any argument on or explanation of the condition of the merchant marine.

The CHAIRMAN. I will say on that point that at some of our former hearings the Chairman has taken the liberty of stating that it would be a waste of time to discuss the condition of the merchant marine; that every intelligent American knows it and deploras it.

Mr. WHEELOCK. I assumed that was the case when I prepared my brief notes.

The special committee appointed by the Maritime Association of the Port of New York is authority for the following statement:

"National conditions, over which our shipowners and shipbuilders have no control and which they either individually or collectively are powerless to change, make the cost of building vessels in the United States much greater (probably at least 30 per cent) than the cost of building vessels in other countries. The cost of manning and victualing these American-built vessels is much greater (probably 30 per cent) than the cost of manning and victualing foreign vessels."

If Congress shall determine to take steps to rehabilitate the American merchant marine, it will be necessary to find some plan by which the handicap pointed out by the New York association can be overcome. This is the crux of the whole matter. Placed on an equal footing with foreign shipowners and shipbuilders, Americans can and will enter into competition with their Old World rivals, at least so far as American commerce is concerned.

## SHIPPING ALONE UNPROTECTED.

It is not necessary to look far for the cause of the difference in cost of building, manning, and supplying ships that has operated to the advantage of the foreigners. The protective-tariff policy that has been in force in this country since 1861 has built up American industries, raised wages and the standard of living, and made investments in manufacturing industries, in mining, transportation lines, and in trade generally uniformly profitable. Not only have there been openings for all the available capital in the country in the lines indicated, but until recently large sums of money have been sent across the ocean for investment in American industrial and transportation securities. The result has been that American capital has not been attracted to unprotected industries like shipbuilding and ocean freighting. The natural, the necessary, conclusion is, therefore, that American shipping has disappeared from the ocean because it was not protected, while industries on land have flourished because they were protected.

In order to build up the American merchant marine it will be necessary either to abandon protection to other industries or protect the shipping. By lowering the standard of wages, reducing the cost of shipbuilding material and supplies—by making it less profitable to engage in other industrial pursuits—it may be possible to divert capital to the merchant marine. This can be done by abandoning the protective-tariff policy and adopting a tariff for revenue or a free-trade policy. The plan is a dangerous one, as it would probably bring about a revolution after more than forty years of prosperity that has had few interruptions. The American people have become accustomed to their present high standard of living and they will not submit tamely to any policy that will force them to the level of Old-World peoples simply because it is believed something ought to be done to aid the American merchant marine.

## RESTORE THE HISTORIC POLICY.

The other plan is to protect American shipping, and the sane, common-sense way of affording the protection needed is to extend the protective laws now in the statute books to include the industries it is desired to encourage. By imposing discriminating duties on imports brought to our ports in foreign bottoms from countries other than those under the flag of which the ship sails the American shipowners will soon monopolize the carrying trade between the United States and countries that have no merchant marine. Supplementing this provision, a tonnage tax and reasonable compensation for carrying mails on routes that can not be established through discriminating duties alone would attract capital and men to the ocean-carrying trade, and thus build up the American merchant marine. For the details of this plan, which has been advocated by the Milwaukee Sentinel for many months, reference is made to the early navigation laws of this country, enacted by the first American Congress and continued for nearly forty years, and to that excellent report of the special committee of the Maritime Association of the Port of New York already mentioned.

Every argument that has been used during the last forty years in support of the protective tariff policy will apply with equal force to the proposition to protect the American merchant marine. Shipbuild-

ing and ocean freighting are domestic industries as much as wheat raising and manufacturing. Properly protected they will furnish openings for the profitable investment of American capital, and they will employ American labor not only in manning the ships but in furnishing the materials of which the ships are built, and in producing the supplies consumed by the officers and crews. By building up these industries through protection, which is the accepted and approved method of building up American industries, the field of American industrial activity will be enlarged and a sum of money now paid to foreign shipowners, variously estimated at from \$100,000,000 to \$150,000,000, will be saved to the country annually.

#### PROTECTION IN PART RESPONSIBLE.

By refusing to extend the protective tariff system to American shipping the Congress that is consistently firm in its determination to protect other American industries that can not compete on equal terms with foreign rivals is putting into the hands of the free traders a weapon with which to fight protection. It is pointed out that the decline of the American merchant navy began with the adoption of the protective tariff policy in the sixties and that it has continued until now we have no merchant marine worth mentioning. It is charged that the protective policy operated to bring about that decline, and, to a certain extent, the charge is true. While other industries were adequately protected, fostered, and built up, the two industries mentioned, shipbuilding and ocean freighting, which came in direct competition with foreign rivals, were abandoned to the mercies of free trade under the treaties that have been evaded in part by foreign governments. We have raised the wages of workmen to a point where it is impossible for shipowners to hire American crews. We have raised the cost of provisions above the price paid by foreign shipmasters. We have raised the price of shipbuilding material 30 per cent higher than the foreign shipbuilder is forced to pay. All this has been done by and through protection.

#### OPPOSED TO SUBSIDY.

Finally, it must be remembered that the voters of this country will never consent to make up the difference in the cost of building and operating ships in this country and abroad by payments made directly from the Treasury. The word "subsidy" has a bad smell in the nostrils of the average American citizen. He will no more consent to have the American merchant marine restored to its proper standing among the world's shipping by subsidies than he would to have American industries on land fostered by the General Government through bounties paid from the public Treasury. In some of the maritime States this plan might be accepted as economically wise and sufficient, but the country at large would resist any attempt to accomplish by subsidies—which might be diverted from the purposes for which they were intended—what ought to be done by protection of the kind known, understood, and approved by a large majority of the American voters.

Representative SPIGHT. Colonel, you have evidently given a good deal of thought to the question of discriminating duties. You enter

into no details, but refer in your paper to the report of the Maritime Association of the port of New York. I wish to ask you if you have thought along the line of making discriminating duties apply only to the indirect trade; in other words, that it should not apply to goods shipped direct from the country from which the vessel itself comes?

Mr. WHEELOCK. I do not think at the outset that such a policy could be considered. If American vessels enter into trade between British and American ports we must give British vessels the same privilege. What I object to, and what I believe most protectionists object to, is the privilege allowed to foreign vessel owners to engage in commerce between American ports and ports of other than their own countries.

For instance, the Scandinavian countries have quite a large merchant marine. They do very little trading with us direct. We receive very few imports from Scandinavian countries and we send very few goods to them.

Representative SPIGHT. But they do a large business with other countries.

Mr. WHEELOCK. They do a large business in carrying our goods to other than Scandinavian countries. The same holds good as to English vessels, although English vessels carry the bulk of our goods. What I want to see is American vessels operating between American ports and West Indian, South American, Central American, Chinese, and Japanese ports, and all countries which have a very small merchant marine.

#### AS TO THE TREATIES.

The CHAIRMAN. In the presentation of your case, which is so clearly made, you did not touch upon the difficulties that we will encounter because of our commercial treaties. Have you given any special consideration to the fact that those treaties would forbid the giving of differential duties in the indirect trade as well as in the direct trade, and that that would likewise apply to tonnage taxes? Is there any fear in your mind that the abrogation of those treaties with some thirty-odd nations, big and little, would bring any retaliation or result in harm to our country?

Mr. WHEELOCK. Up to 1828 we had no such treaties and we had a discriminating tariff duty. We were persuaded then to enter into a system of reciprocity in ocean carrying, and these treaties were the result of negotiation. We have tried them now for three-quarters of a century. They have failed. Under those treaties we have lost our merchant marine entirely; it has been swept from the seas; it has decayed; and it seems to me it would be perfectly competent for us to enter into negotiations for the change of those treaties and to make new commercial conventions to replace them.

The CHAIRMAN. We have power to abrogate them upon a year's notice.

Mr. WHEELOCK. Abrogate them or write new treaties, which would contain such a stipulation as has been suggested by those who favor discriminating duties on indirect commerce. Of course they would have a legal right to object to the change of policy. But I do not think they would have a moral right, and I do not think their objection would have a great deal of force. They now object to our protective

duties on imported goods. The objection they urge now to protection they would urge to the proposed policy of discriminating duties. But it would have the same force, and it seems to me it ought to have the same effect.

Representative SPIGHT. Is it not a fact, too, that under these treaties foreign countries get all the benefits and we get none?

Mr. WHEELOCK. Certainly; because they have adopted a system of—

Representative SPIGHT. Direct subsidy.

Mr. WHEELOCK. Of direct aid by subsidies; and they have adopted port laws and rules which have worked to the advantage of their own ships.

Representative SPIGHT. There is no inducement now for us to retain those treaties, but there is an inducement for them to continue the same policy.

THESE AGREEMENTS REALLY VIOLATED.

The CHAIRMAN. I gathered from your argument, Mr. Wheelock, that you hold the view which has been expressed by some others, that since we made commercial agreements with those nations and the reciprocity of the sea (that phrase which sounds so well but which has been so disastrous to us), was brought about, some of those nations have practically destroyed the equality that was then supposed to have been secured by giving subsidies of various kinds.

Mr. WHEELOCK. I understand that to be the case.

The CHAIRMAN. And to that extent they themselves have violated those agreements?

Mr. WHEELOCK. Not only in substance, but they have adopted, I understand, navigation laws or port rules—

The CHAIRMAN. Port rules and light dues and all that sort of thing.

Mr. WHEELOCK. And light dues, which have favored their own vessels.

Representative SPIGHT. They have at least violated the spirit of the treaties.

Mr. WHEELOCK. That is the understanding.

The CHAIRMAN. The Commission has been looking very carefully into the matter of differential duties with a view of returning to the plan of the fathers if it was found possible and advisable to do so. At the same time some of us have been considerably staggered in view of the commercial agreements that we are face to face with. As you know, Senator Edmunds made quite an exhaustive investigation of the subject, and I remember that in his address to the Committee on Commerce of the Senate, of which I am a member, he stated that he thought it was utterly impracticable for us to restore that system. But I have never fully committed myself to that view.

Mr. WHEELOCK. Well, Mr. Chairman, it seems to me that if the object sought is as important as the people of the United States seem to think it is, what few obstacles that are in the way can be overcome by judicious action on the part of Congress and the Administration. I never have heard of any great governmental movement that did not meet with obstacles. We recently have succeeded in securing the right of way across the Isthmus of Panama for a canal. It is only a few months since the obstacles in the way of that project apparently

were insurmountable. Many other things have been accomplished in the same way. It seems to me when nothing but treaties which have been manifestly to our disadvantage stand in the way we ought to be able to abrogate or change them.

#### OUR PEOPLE GREAT ENOUGH.

Representative SPIGHT. In other words, you think the American people are great enough to do anything that is necessary to be done for the good of the country?

Mr. WHELOCK. You have stated it admirably.

The CHAIRMAN. Alluding to the Panama Canal, which we are going to build at an expense of two or three or four hundred million dollars, nobody knows how much, it seems to me it would be a humiliating spectacle when that canal is built to see the ships of every nation except the United States passing through it.

Mr. WHELOCK. Yes, Mr. Chairman, and it is a humiliating spectacle when we realize that the American commerce of the Great Lakes and the ships that pass through the Detroit River exceed by three or four times the number of ships and tonnage that pass through the Suez Canal, and these are all or nearly all American boats and that on the ocean we have nothing; that we have nothing except the boats which are engaged in the coastwise trade.

The CHAIRMAN. Or pleasure yachts?

Mr. WHELOCK. Yes; or pleasure yachts. It seems to me that is humiliating.

#### STATEMENT OF THOMAS F. HOWE.

Thomas F. Howe, manager of the Milwaukee Refrigerator Transit Company, appeared.

The CHAIRMAN. Mr. Howe, state to the Commission what line of business you are engaged in.

Mr. HOWE. I am in the refrigerator-car business now, but I presume I was called here—in fact, I know I was—to answer some questions regarding the exporting of beer. I was with the Pabst Company for ten years, handling their shipments. I have been out of that business for the past year, but I presume the conditions are the same now that they were then.

The CHAIRMAN. Is that the beer which made Milwaukee famous?

Mr. HOWE. I think so.

The CHAIRMAN. The Commission will be pleased to hear any views you may have to express on the subject.

#### A COSTLY LACK OF SHIPS.

Mr. HOWE. Well, I think the beer business is sadly in need of improved transportation facilities on the ocean. The present system necessitates a great number of transfers. Every transfer is a detriment to beer. The beer that is exported is bottled, and every transfer that is made damages the goods all the way from 5 to 10 per cent. Then it is very frequently the case that the brewers will get a cable order for a shipment of beer that is to be rushed and sometimes they will not be able to get shipping facilities for as high as sixty days, and I have known it to be four months to South African points. In the

meantime the fellow over in South Africa has probably lost his thirst and did not need the beer. Of course, if the beer is not shipped to-day the man may bring other beer from Germany or somewhere else, where he can get it more promptly, or he may drink water. So the business is lost to the American brewer.

Then, of course, there are a great number of other conditions. The business of shipping bottled beer from this country is small, owing to the inability to get a proper rate, due entirely to the fact that the beer has to be transferred at some terminal point and handled by a steamship company that has an absolute arbitrary rate. There are cars enough for the business in this country. The steamships simply take it to fill up, and take it at the regular rate, irrespective of the fact that it has already been taxed pretty heavily to get to the point where it is transferred; and by the time it gets to its destination it comes so high that it can only be used by the few instead of by the many, as desired by the brewer. That is a very great detriment at present to the business.

#### NEED OF DIRECT SHIPPING.

I think if we had a system of subsidized ships or any other device that would give us direct shipping to those points where the brewers do business, where they send a couple of casks of beer now they would send a carload. They are doing, to be sure, a very nice business to the Philippines, but that is due largely to the shipping companies. The business is very large. It went in there principally on account of the United States soldiers and Americans who flocked to the Philippines at the time of the war. They simply would not have any other goods except American goods. The consequence was that they made it an object for the steamship companies to take it into consideration, and they are doing a nice business there now, due largely to low rates. The same is not the case at other ports. The business is very badly in need of improved shipping facilities on the ocean.

I think possibly that is about all I need say. Of course the transfer of goods, when the goods are damaged from five to ten per cent in actual value, is a great detriment. A man gets a package of goods and after he has seen them taken to his place of business and finds a breakage and sells them to his customer there is complaint. The actual damage of 10 per cent does not anywhere near cover the damage that has been done to the trade generally. The result is that the customer buys other beer, probably German beer. German beers are the great competitors of American beers.

The CHAIRMAN. To what countries are the Milwaukee beers exported as a rule?

Mr. HOWE. They are exported in larger or smaller quantities to about all the countries on the globe.

The CHAIRMAN. To South America?

Mr. HOWE. To South America, Australia, the Philippines, all through the Orient, and to a small degree, only a small degree, to Europe.

The CHAIRMAN. What is the cause of deterioration occasioned by transfer?

Mr. HOWE. Breakage mostly.

Representative SPIGHT. I understand you to say that all the beer that is exported is bottled?

Mr. HOWE. It is all bottled. I say all; I presume ninety-nine per cent of it is bottled beer. We used to do a little export business in the draft beer line. We exported it in those days to Honolulu and to Havana. While there is some draft beer being exported to Havana, I guess probably most of it goes from the Pacific coast now. Still that is in our territory. But aside from that, the only draft beer that is exported is a very small quantity that goes to the White Star line and the Cunarders, probably half a dozen barrels at a time. But all the big export beer business is of bottled beer.

Representative MINOR. How do you ship to South America—by what boats?

#### FOUR MONTHS LOST.

Mr. HOWE. The South American business has been mostly shipped by Panama. Sometimes there is a delay of as much as four months in getting a steamer.

Representative MINOR. To get beer to South America?

Mr. HOWE. No, to get a start. We get an order to-day and four months time has elapsed before we could get a steamer.

Representative MINOR. What is the cause of it?

Mr. HOWE. They did not seem to have tonnage enough.

The CHAIRMAN. Has it ever been shipped to Europe and then trans-shipped from there to South America?

Mr. HOWE. Oh, very frequently. That is one of the transfers that is very detrimental to the business and the Black Sea ports. In fact, the South African business is mostly handled that way. We could get plenty of steamers as far as Liverpool, but from Liverpool to South Africa they did not seem to run so often.

Representative MINOR. Shipped on a foreign ship, handled by foreigners, reshipped on a foreign ship, you finally get it to your customer?

#### ENTIRELY AT THEIR MERCY.

Mr. HOWE. Yes, sir; we are entirely at their mercy.

Representative MINOR. Because there is no way to build up a trade for our ships?

Mr. HOWE. I believe where the brewers are doing business of a cask or two now to the Black Sea ports and territory in that vicinity generally, if we had proper shipping facilities the business would go in carloads instead of small lots.

Representative MINOR. By direct and immediate shipment to the consumer?

Mr. HOWE. Yes, sir; direct and immediate.

Representative MINOR. And then there would be agents of that line on the part of officers on board the ships, everybody connected with the line would take an interest in building up their own trade, and that would help your trade?

#### NO IDEA OF RESPONSIBILITY.

Mr. HOWE. Yes, sir. Under the conditions now, if you have any loss in excessive breakage or anything of that kind, you can get no redress at all. By the time the claim gets around you are worn out and have expended more energy and time and money on it than the claim is worth. In my capacity as traffic manager I put in claims for



breakage and stuff stolen while being lightered from the ship to the shore, and I never get any satisfaction out of it at all. That is so through South America very largely. The South American business is in a bad shape. The foreign lines which handle that business do not seem to have any idea of responsibility at all.

Representative MINOR. They do not handle it steadily?

Mr. HOWE. Well, I have always imagined that they just took American business when they had nothing else to do, and they did not care very much whether the fellow came again or not. That leaves the manufacturer in a mighty bad shape. He loses the respect of his customers; they get afraid of him. If you make a bill of sale to a responsible man in South America and he is honest, you naturally figure that as soon as that shipment starts it belongs to him and he feels the responsibility; and he is very loath to come and do business with somebody else who can even bring it to his door in shipments already made there. But if it is not properly handled and he must go after it, you lose the customer. As it is now we have no redress at all.

The CHAIRMAN. Is the business in which you are now engaged export business?

Mr. HOWE. I am in the refrigerator car business. I am handling beer, but I do not have anything to do with the rates or the booking or anything of that sort.

The CHAIRMAN. Is that export business to some extent?

Mr. HOWE. It is not export business except to Canada. The cars, of course, can only go as far as the seaboard. The packing and all those things are done by the Pabst Brewing Company's men. I do not have anything to do with that. I was speaking in reference to my experience up to the past year.

#### DIRECT AMERICAN LINES.

The CHAIRMAN. Then, what you would like to see, would be a direct line—say to South America, and to South Africa, perhaps?

Mr. HOWE. Yes, sir. For the benefit of the manufacturers and shippers in this country, I would like to see direct lines everywhere. Of course, I know that that is impossible, but you can cover a great number of places in that way and do a great deal of good. Under present conditions I do not look for any increase in the export beer business. The brewers here have plenty of facilities. They could do a great deal more export business than they are doing now, but I do not look for any very great increase in the export beer business until you have your own merchant marine.

#### STATEMENT OF A. E. SNUGGS.

A. E. Snuggs appeared.

The CHAIRMAN. Mr. Snuggs, will you state to the Commission the line of business in which you are engaged?

Mr. SNUGGS. I am directly a representative of the Pere Marquette Railroad system; indirectly interested, however, in the steel car ferry company, known as the Pere Marquette Steamship Company, as a natural ally of the railroad system I represent. I come here this afternoon by reason of the absence of Mr. Blomeyer, president of the Pere Marquette Steamship Company, who, I regret, is not here.

Perhaps all I could say to the Commission at this time that would be of any value, if at all, has reference simply in general terms to the development of inland facilities from this section of the country, which make a larger export business possible and leave the question practically where it is, bringing it up to the need of better shipping facilities.

I will simply say, briefly, that having in mind the development of the Lake commerce here, touching as it does the heart of the great grain producing section of the country, from a small beginning ten years ago, with one or two ordinary car ferries capable of carrying from 26 to 30 cars each, it has rapidly developed until at the present time there are, all told, 10 large steel car ferries plying on this lake, which leave ports from the west shore of Lake Michigan with a carrying capacity of 300 loaded cars every twenty-four hours in each direction, and they can be materially increased when the volume of business is sufficient.

The CHAIRMAN. Please state between what points they are plying.

Mr. SNUGGS. They are plying between Milwaukee, Manitowoc, Kewaunee, Menominee—Menominee and Marinette are together—and Manistique on the west shore, and Ludington, Frankfort, and Grand Haven on the east shore. Under this system of transportation from the Northwest via what is known as the cross-lake route, a traffic approximating at the present time 100,000 cars per annum, is being moved, and a considerable percentage of it is export traffic. Just how much is export traffic I am not prepared to state at this time, but I will say that it is growing, and it must necessarily grow with the increase of inland transportation facilities, which, as every one knows, are being improved continuously.

#### OUR TRADE SERIOUSLY HANDICAPPED.

This brings us to the question of the enlargement of the export business, which includes the question of better ocean shipping facilities. I do not know that I can say more at the present time than this. From my familiarity with transportation problems, including both domestic and export, covering a period of twenty-three or twenty-four years, I am thoroughly convinced that the growth of the export traffic from the United States is in no small degree seriously handicapped by the inability of our inland transportation companies and the shippers of export commodities to make as favorable contracts for the moving of export shipments to foreign countries as it would be possible for them to make in connection with shipping facilities belonging to our own country.

Representative MINOR. Most of the car ferries running from Milwaukee go to Grand Haven and Ludington?

Mr. SNUGGS. I will state that there is one plying between this city and Grand Haven, two between this city and Ludington, two between Manitowoc and Ludington, one between Kewaunee and Ludington, one between Manistique and Ludington, and two, that is, they alternate, between Menominee, Manistique, and Frankfort, Mich.

Representative MINOR. That is the Frankfort ferry?

Mr. SNUGGS. Yes, sir.

Representative MINOR. You connect with the western roads and move this freight east to the seaboard?

Mr. SNUGGS. Yes, sir.

Representative MINOR. What connection have you over any particular road?

Mr. SNUGGS. At Milwaukee we make direct connection with the St. Paul road, and at Manitowoc with the Northwestern and Wisconsin Central roads, thus alternating and avoiding what might be a congestion of traffic.

Representative MINOR. You connect over on the East Shore with what road?

Mr. SNUGGS. With the Pere Marquette Railroad.

Representative MINOR. And also with the Ann Arbor road?

Mr. SNUGGS. Yes. The ferries plying from Menominee and Kewau-  
neec connect with the Ann Arbor line at Frankfort.

Representative MINOR. Your object in establishing a ferry was to expedite freight on its way?

Mr. SNUGGS. Yes; to facilitate its movement from this locality, and especially from the great Northwest to the seaboard and the important eastern points.

Representative MINOR. I understand that you can put 30 cars on board?

Mr. SNUGGS. The carrying capacity of the standard ferries is 30 cars.

Representative MINOR. You can put them into Detroit almost as soon as you can put them into Chicago?

Mr. SNUGGS. We get them into Detroit under average conditions as soon as we can get them through Chicago.

Representative MINOR. That facilitates the movement of freight.

Mr. SNUGGS. Yes, sir.

#### AMERICAN LINES RIGHT THROUGH.

Representative MINOR. You have gone as far as you possibly can in getting exports to the seaboard, and there you are compelled to stop. For what reason?

Mr. SNUGGS. The inadequate shipping facilities. That covers, perhaps, a good many items, but that one term may include them all.

Representative MINOR. You can depend upon your car ferries and your connecting lines to put this freight through expeditiously to the coast. When you get to the coast there comes a break, and you have got to depend upon the other fellow for transportation across the Atlantic. Now, suppose the Government on some rational plan could do something toward encouraging the merchant marine engaged in foreign trade, do you not believe that it would be possible for you to make connection with the Atlantic seaboard with your car-ferry system, and to continue that continuous line and expedite your freighting and get it over much sooner than is done now?

Mr. SNUGGS. I think under certain conditions that might be possible.

Representative MINOR. If a man orders goods, whether it be in a foreign country or in this country, he wants them immediately.

His business is being done on a small margin and he can not afford to lose time. The point I wish to get before you is this: If we could rehabilitate the merchant marine and get it in the foreign trade by encouraging people to invest their money in it; if we had enough American ships so that we could form connections at the Atlantic seaboard, it would make a continuous line from this city, for instance, right through.

## WOULD ENLARGE OUR COMMERCE.

Mr. SNUGGS. Every opportunity to shorten distance between the interior section of this country and the seaboard would accomplish that object. The tendency at present is to curtail the time. I think it is apparent that almost yearly progress is being made along those lines, to curtail the time required to move the commodity between the producer and the consumer.

Representative MINOR. Traffic arrangements entered into by American ships would continue this line.

Mr. SNUGGS. It would facilitate, in my judgment, in no small degree, and stimulate a still further growth of our already magnificent export traffic.

The CHAIRMAN. To what countries are the products you handle on the lakes exported, as a rule?

Mr. SNUGGS. More generally, of course, to European countries, but I think I may safely say that the commodities leaving the territory with which I am most familiar here, the Northwest, are diversified; they include nearly everything that is included within the classification provided by the Interstate Commerce Commission of commodities transported by transportation lines. I think the facts and figures would bear me out in saying that our export commodities from this section of the country alone reach nearly all the foreign countries with which we have any connection by ocean carrying steamers.

The CHAIRMAN. We were told in Cleveland, if I remember correctly, that there is a surplusage of tonnage between this country and European ports at the present time; that we do not need any more tonnage; that we may need American lines as a matter of national pride and national advantage, but as a matter of fact so far as the conveying of American products is concerned there is not only abundant tonnage but a surplusage of it to European ports.

## FROM A FOREIGN SOURCE.

Mr. SNUGGS. I am not prepared to dispute any statement of that kind, nor am I ready to accept it as *prima facie*. I doubt if anyone in this room is prepared to do so. Our experience, especially of those who are identified in any way with the export interests of this country, is that we are continually facing difficulties such as have been pointed out by my friend Mr. Howe and others.

Representative MINOR. This statement came to the Commission through an agent of the International Mercantile Marine.

The CHAIRMAN. While extremely anxious to rehabilitate the American merchant marine, the fact exists that the British merchant marine is in rather a bad state at the present time. They seem to have a very large amount of tonnage available and some of it idle. However, I assume that you would claim, as I think you can justly claim, that if we had lines of our own with which you could ship direct, in the hands of Americans interested in our development and commerce, you would get better service than you could possibly hope for from lines owned by foreign governments.

Mr. SNUGGS. I think that is the belief held generally by all who are thoroughly conversant with transportation facilities as they exist in this country to-day. We have facilities for reaching the seaboard; there is no question about that.

Representative MINOR. But there comes the break?

Mr. SNUGGS. Yes, sir.

Representative OTJEN. Mr. Snuggs, is this a model of your most recent car ferry that we see exhibited here?

Mr. SNUGGS. I am not prepared to go into much detail on the car ferry. We have present here the secretary of the Pere Marquette Steamship Company, Mr. Joseph Goldbaum, who can answer any question of detail. I will state, however, that this is a model of the car ferry known as No. 1, now plying between Manistique and Ludington.

#### STATEMENT OF JOSEPH GOLDBAUM.

Joseph Goldbaum appeared before the Commission.

The CHAIRMAN. Mr. Goldbaum, as I understand the matter, you are connected with a so-called car ferry. Do you know the approximate cost of that car ferry?

Mr. GOLDBAUM. \$400,000.

The CHAIRMAN. How many of those vessels have you in service?

Mr. GOLDBAUM. About six.

The CHAIRMAN. We would be very glad indeed to have any information that is available touching this question, which seems to be a very interesting one.

Mr. GOLDBAUM. Mr. Snuggs has stated the facts as far as transportation is concerned about as fully as they can be stated, I think. On the cost, the manner of operating, the number of cars we can handle, or anything of that nature, I would be very glad to give you, gentlemen, any information in my power.

The CHAIRMAN. When did you first place those car ferries on your line?

Mr. GOLDBAUM. The present steamship company has been operating its ships for only a year. They were formerly operated by the Pere Marquette Railroad Company, jointly with the railroad. They are now under a separate and distinct corporation. The first car ferries built had wooden hulls. We have one of those which is run by the steamship company down on Lake Erie. All the six car ferries we operate here now are recent; they were built in the last five or six years, and they are steel. The car ferry of which this is a model cost \$25,000 more than the others, for the reason that its passenger accommodations are more elaborate. The approximate cost of the car ferries is \$275,000. We have two car ferries which are not fitted up for passengers, but four of them are.

Representative MINOR. How many cars will each take?

Mr. GOLDBAUM. Thirty standard-length cars.

Representative MINOR. There are 4 tracks?

Mr. GOLDBAUM. Yes, sir, 4 tracks.

Representative MINOR. What is the speed?

Mr. GOLDBAUM. This car ferry here can make as good as 16 or 17 miles an hour. We never speed them over about 12 miles an hour. That is the ordinary speed.

Representative MINOR. It is the minimum speed?

Mr. GOLDBAUM. Yes, sir.

The CHAIRMAN. Do you find it economical to stop at this point rather than to go farther—to Buffalo, for instance?

Mr. GOLDBAUM. Yes, sir; we can run here all the year round, and we would be handicapped in winter in getting through the Straits.

Representative MINOR. Do you have loads both ways usually?

Mr. GOLDBAUM. Always.

Representative MINOR. That makes 60 cars every twenty-four hours?

Mr. GOLDBAUM. Sixty cars; well, say eighteen hours in a round trip between here and Ludington. We get in and out of a slip in nine hours—we load up and get out within nine hours.

#### STATEMENT OF F. H. MAGDEBURG.

Capt. F. H. Magdeburg appeared before the Commission.

The CHAIRMAN. Captain, will you state to the Commission the line of business in which you are engaged?

Mr. MAGDEBURG. The flour-milling business.

Mr. Chairman and gentlemen of the Commission, the question before your Commission, as I understand it, was stated at the beginning of the session this morning to try to devise ways and means by which the American merchant marine on the ocean could be brought back to the standard it was at before the beginning of the civil war. The chairman stated that at that time the percentage of goods carried in American bottoms was 99 per cent, while to-day it is 9. Did I understand you correctly?

The CHAIRMAN. Before the civil war, if I remember correctly, it was 65 per cent, but at a prior time it was 92½ per cent.

Mr. MAGDEBURG. Then I stand corrected.

The CHAIRMAN. It was about 65 per cent before the civil war.

Mr. MAGDEBURG. The problem then is to bring it back to what it was?

The CHAIRMAN. Approximately.

Mr. MAGDEBURG. Or to increase it. That seems to me to be entirely based upon investment. If capital can be induced, either by individuals or corporations, to enter into an enterprise of that kind, if capital can be shown that they can make money by entering again into competition with the present carrying capacity of the ocean, then you have won the battle. As I understand it, capital has not been able to show up to this time that there is any profit in it, and the query now is, How can it be brought about that it will be profitable?

Is the Commission, as such, satisfied in its own mind that the capital invested in ocean carriers has been uniformly remunerative to the owners since the condition of affairs has existed as it is existing at the present time? From my observation I judge that it has not been uniformly remunerative, because I know that at times merchandise has been carried almost as ballast. I know it to be a fact that flour, for instance, has been carried from Atlantic ports to the United Kingdom at as low a rate as 6 cents per ton, which is equivalent to  $\frac{6}{100}$  of a cent per hundred, not quite  $\frac{1}{10}$  of a cent per hundred. That has been done within a very short period back. It has even been carried practically for nothing at times, simply for the sake of getting it as ballast. I think that must be known to your Commission.

The CHAIRMAN. We have had such testimony, Captain.

## RATES NOW UNREMUNERATIVE.

Mr. MAGDEBURG. At the present time the rate across the Atlantic, owing to a lack of carrying trade, is very low. The rates are, I should say, hardly remunerative, and while there are American ships crossing the ocean to take flour from Philadelphia or New York to the United Kingdom, they charge precisely the same rate. There is a combination at the present time existing which equalizes the rate. It makes no difference whether you carry your freight from Baltimore, Philadelphia, New York, or Boston, the rate is equalized from Chicago, Minneapolis, or Milwaukee, and it does not make any difference. If I want to contract to-day for sending a number of barrels or tons of flour from here to Liverpool, the rate is practically the same over all the lines, and it makes no difference what line I select.

The problem, therefore, as I understand it, is to show to capital that the property which they would assume in ocean carriers would be paying them on their investment. My own opinion is that the reason why our merchant marine has not recuperated since the war is because individuals as well as corporations with capital have found more profit in entering other fields in this country. It makes no difference what fields they have entered, it has been satisfactory to them and has given them a better return than they would have had if they had gone into the ocean-carrying trade.

I think that you have a pretty serious question to carry out to a solution. I think it will require considerable thought and figuring to bring it to a pass, which is, of course, the wish of all Americans, that we shall again carry that business at a remunerative rate.

The question of the flag is, of course, a matter of sentiment. If a shipper has merchandise to ship to-day and is offered a rate of freight from the port of New York by an American line at 10 cents a hundred across the ocean, and a foreign line offers to carry the freight for 8 cents, he will take the 8-cent line. There is not a question about that. Business men as a rule are not philosophers, and they are not in business for fun. They get their goods at the other side as low as they can. There is no use talking on that matter; when you have a through rate offered you for freight you take that which is the cheapest.

## MUCH FOREIGN TONNAGE JUST NOW.

Now, as I understand it, at the present time there is an abundance of ocean-carrying capacity for the business that is offered. If you were able to induce capital to launch out and to build, say, enough vessels to carry 25 per cent more than the present capacity, what would be the natural result? There would be an immediate reduction of rates. That is inevitable, because there would be more fellows chasing for the business than there was business to give, and the remuneration you would have to give to the American who entered into that business would have to be just so much greater in order to keep your compact with him that you are willing he should have a fair remuneration upon his investment. It is very difficult, it seems to me, to adjust that matter.

It has been stated that it would be very well to carry goods in American bottoms at a reduced rate of traffic; that any goods imported into

this country in American ships should have either a rebate or a reduced rate of duty, which is practically the same.

As I understand the situation, we export more than we import. I think I am correct in saying that we export by several hundred million dollars more than we import. What would be the result if such a discrimination was attempted to be made in favor of American bottoms? Would it not be the natural result that immediately the owners, or the governments representing the owners of the present carrying capacity would pass a retaliatory law, imposing either landing dues or other dues upon any goods imported into those countries from America that came in American bottoms? So that plan, it seems to me, would not work. It does not seem feasible to me.

The subsidizing of ships is a matter which has been urged, and it might possibly bring about a satisfactory result provided there were such safeguards around this method of doing business as are necessary to protect the government that gives the subsidy. England never gives a subsidy to any vessel whatever unless it has the absolute control of that vessel any minute of the year. There is not a subsidy given—not 5 cents' worth—unless there is a contract back of it which gives the English Government control of that vessel at a fixed price any minute that she wishes to have it. No bill before Congress has ever had such a clause in it, if I understand it correctly.

#### IN MANY AMERICAN BILLS.

Representative MINOR. It has been in all the subsidy bills I know about.

Mr. MAGDEBURG. No; there never was any. No bill in Congress ever had that provision in it that I know of.

Representative MINOR. Oh, yes, sir.

Mr. MAGDEBURG. I will not bandy words about it.

Representative MINOR. I want to correct you, begging your pardon.

Mr. MAGDEBURG. You may be right, but I have never read it.

Representative MINOR. I was a member of the Merchant Marine Committee of the House when such a bill was referred to it, that came from the Senate. There was also a bill introduced in the House which came to our committee with a provision in it that the vessels should be used whenever the Government demanded them as naval auxiliaries, and that they should be provided with gun decks, etc.

Mr. MAGDEBURG. At a fixed compensation?

Representative MINOR. No, not at any particular compensation.

Mr. MAGDEBURG. That is the point I made.

Representative SPIGHT. At a compensation to be agreed upon?

Representative MINOR. The compensation to be agreed upon.

Mr. MAGDEBURG. Great Britain, as I understand it, if I am correctly informed, has all that prefixed. They can not be taken advantage of the way this Government has been taken advantage of in times of peril.

Representative MINOR. There is only one contract in existence, or ever was, whereby in reserving them it also fixed the compensation, and that is the Cunard contract.

The CHAIRMAN. Where England puts up the entire amount of money to build the ships, practically giving them the ships.



Mr. MAGDEBURG. I have seen ships which run under a subsidy tied up in the Clyde; I have seen them tied up in the Mersey, and I have seen them tied up in the Thames. They can tie them up in a minute at a fixed compensation.

Representative MINOR. Did you claim that a contract was entered into between the Government and the owners at the time of construction?

Mr. MAGDEBURG. At the time the subsidy was agreed upon, not at the time of construction. I am informed by English correspondents of mine that that is the fact. I may have been misinformed, but I have been told that they can tie them up at a fixed compensation.

ONLY AS TO TWO CUNARDERS.

The CHAIRMAN. There is no question about that, so far as the two new vessels of the Cunard Line are concerned, where England advanced the entire amount of money to construct them. Her conditions are very exacting in regard to those vessels. But I never heard it argued that in all other cases where subventions and subsidies are given such a condition exists. It may be so.

Mr. MAGDEBURG. If it does not exist I have been misinformed. I have been informed by my English correspondents that that is the case.

The CHAIRMAN. It may be so.

Mr. MAGDEBURG. It has been stated here—

The CHAIRMAN. Captain Magdeburg, just there; your criticism upon a subsidy bill would lie in that direction, that if we were going to do anything in that line we ought to protect ourselves to the same extent?

Mr. MAGDEBURG. Under all conditions, with the experience we have had in the civil war and with the experience we have had in the Spanish war, I think the Government ought to make an absolute provision before the crisis arises for a fixed sum to be paid, based upon the value of the vessel.

The CHAIRMAN. So that the shipowners could not take advantage of the necessities of the Government and demand a much larger price?

Mr. MAGDEBURG. That is the idea I have entirely. That is the commercial view of it.

Now, we have been told that the railroads have been subsidized, and why not subsidize the steamship companies. I have lived in this State since 1855 and I know of some subsidies that never went for the benefit of the railroad but for the benefit of the legislature. The land grants that were given in this State in the fifties to build the old La Crosse road were diverted—corruptly diverted. We have had the experience with the Pacific roads. Those land grants were practically diverted. There was never a bigger scandal in this country than the Credit Mobilier.

I think with some of the other gentlemen who preceded me that subsidies are not favorably received, in the West particularly. I doubt whether the great multitude could be convinced that they were deriving a pecuniary benefit from any payments in the shape of subsidies that were made to steamship lines or others that carried the ocean traffic. I doubt very much whether even good speakers would be able to convert the Western people to that theory.

## NEW ENGLAND VOTED FOR IRRIGATION.

The CHAIRMAN. It would be rather difficult to convince the people of New England that they were deriving any benefit from our recent irrigation expenditures, and yet the representatives of the New England people voted for that bill.

Mr. MAGDEBURG. That may be true. However, why would not a plan like this work? We are continually increasing our Navy. Why would it not be a wise plan for the Government to build 100 or 150 first-class carriers, built with such a view that they could be converted into what you call auxiliary cruisers at a moment's notice? You would be able at the same time to educate a large class of seamen by building these cruisers and letting them ply in such latitudes and between such ports as the occasion might require.

The CHAIRMAN. Would you have the Government operate them, Captain?

Mr. MAGDEBURG. I would. I would have the Government operate those boats just the same as they operate the ships of the Navy.

Representative SPIGHT. And go into the carrying trade in competition with the world?

Mr. MAGDEBURG. I would let them carry freight at the going rates. If the rate to Liverpool was 2 shillings a ton I would let them carry it at that rate. At the same time that you were solving a difficulty you would be educating a large class of sailors for the Navy, if you needed them.

The CHAIRMAN. If those ships were operated at a loss to the Government, as we have every reason to believe they would be, it would not be very different from giving a subsidy out of the Government Treasury?

Mr. MAGDEBURG. If they were operated at a loss the capitalist who invests his money in them would be operating them at a loss. Consequently you are giving the subsidy and basing your subsidy upon a percentage that you guarantee to the investor when he goes into it. It would be practically the same.

## A GREAT LOSS TO THE GOVERNMENT.

The CHAIRMAN. I know, Captain; but if the Government went into the carrying trade we would meet with the same difficulties that we meet with in other branches of business. Admiral Bowles says it would cost to build a ship in an American navy-yard approximately 70 per cent more than in a private yard because of the fact that they have shorter hours, they give thirty days leave of absence, and pay higher wages. Now, if the Government went into the carrying trade, if private enterprise can not make it profitable, would there not be an immense loss to the Government, and would not that be taking money as absolutely out of the pockets of the people as though we gave a subsidy to private corporations? That is what is troubling me.

Mr. MAGDEBURG. I think the people would be better satisfied if the loss was met directly instead of the idea being carried out that a subsidy is given to an individual or to a corporation.

The CHAIRMAN. It is the difference between tweedledum and tweedledee, as a matter of fact.

Mr. MAGDEBURG. My own private opinion is that you will never resuscitate the American merchant marine upon the ocean until the time arrives when you can make it a profitable investment to those men who are to furnish the money to do it.

The CHAIRMAN. Undoubtedly. That is right.

Mr. MAGDEBURG. Now, there is the whole business. How that is to be done is really the problem for the Commission to solve. As I stated before, I have my serious doubts whether any basis could be arrived at which would be satisfactory and convincing to capital that it would be eventually a good investment, because of the fluctuations of the freight rates, and because of the very fact existing at the present time that the tonnage is larger than the merchandise offered for carriage.

I have taken more time, with your permission, than I desired to take, but you have my sympathy in the wrestle you have before you.

The CHAIRMAN. We are very much obliged to you, Captain.

There are three other names on the list furnished the Chair, but I understand they are not present. Before the hearing is closed, I will take the liberty of asking if there are any volunteers in the room. If any gentlemen have views to express or suggestions to make, they will be welcome.

Representative OTJEN. There is none, Mr. Chairman.

#### CLOSING ADDRESS OF THE CHAIRMAN.

The CHAIRMAN. Gentlemen, in closing the hearing I wish, in behalf of the Commission, to express my thanks to the several gentlemen who have appeared and so frankly stated their views. We have solicited the opinions of men holding diverse views on this subject, and we have been favored with a diversity of views to-day. We have no criticism to make upon papers that have been presented or observations that have been made. We will take into careful consideration the information that has been vouchsafed.

I wish to thank the local committee who made the preparations for this hearing, and I wish to thank also the persons, whoever they may be, who gave us such a delightful audience room in which to hold our meetings.

I wish to repeat what I said at the opening of the hearing this morning, that the press of Milwaukee deserve our profoundest thanks, as they have it, for the kindly manner in which they have treated the Commission and for the excellent articles that have appeared in the several papers so far as I have had occasion to observe.

The hearing will now be closed.

The Commission thereupon (at 3 o'clock and 30 minutes p. m.) adjourned to meet in Seattle, Wash., on the 26th instant.

SEATTLE, WASH., *Tuesday, July 26, 1904.*

The Commission met at 10 o'clock a. m. in the Hotel Washington.

Present: Senator Gallinger (chairman), Representatives Minor, Humphrey, and Spight.

**ADDRESS OF MAYOR R. A. BALLINGER.**

MAYOR BALLINGER. Mr. Chairman and gentlemen of the Commission, it is with great pleasure that we have your presence in our community at this time. I wish to say to you it is my belief that there exists in this northwest part of the United States probably a greater interest and enthusiasm in the work which is laid out before your Commission than in any other part of the United States.

The trade conditions which exist in the way of Pacific commerce and in the way of natural development and natural resources in the northwest of the United States promise to us under proper encouragement the greatest possible development in commerce in the future, which will enrich not only the northwest portion of the United States and the Pacific coast but our whole country.

Interested as we are, and enthusiastic as we are in the commercial progress of the whole United States as American citizens, we welcome you here for these labors with the utmost enthusiasm and gladness. Some years ago I had the pleasure of meeting Secretary Clarkson in the Northwest. He stated at that time that this part of the country, then just beginning to be developed, was a prize package; that none of us knew what it contained, but in his judgment it contained possibilities which were beyond the imagination of man.

I believe, Mr. Chairman, that this subject can not be carried on with any too great enthusiasm, and I think the American people, certainly the people of this locality, fully appreciate the neglect of the American marine, and feel that our nation has not given that interest and that encouragement to shipping to which it is entitled. In other words, we feel humiliated to see that the commerce of our country is carried under foreign flags and not under the Stars and Stripes. I trust the day will soon come when the commerce of this great nation in its development shall be carried under the American flag and not in foreign bottoms.

I say to you very frankly, in behalf of the citizens of this community, that we are with great pleasure enjoying your presence here, and trust that you may depart, when you do depart, with the best impressions and most lasting remembrances of our good offices.

**RESPONSE OF THE CHAIRMAN.**

THE CHAIRMAN. Mr. Mayor, it is a matter of extreme gratification to the Merchant Marine Commission to have the chief executive of this growing, prosperous, and progressive city present himself this morning before us to utter words of encouragement and cheer. We appreciate it, and in behalf of the Commission, sir, I desire to thank you, and through you the intelligent constituency whom you represent, for your kind words.

It is perhaps not necessary that as chairman of the Commission I should detain you a moment in speaking of the work we have in hand.

It has surprised me, as we have gone from city to city, to find that our work has been followed with intelligent interest, and that almost every business man we have met has been familiar with what has been said at the hearings already held.

We are here, gentlemen, not of our own volition, but in obedience to a mandate of the Congress of the United States. If we should simply look to our own personal comfort and convenience, we would not be here in midsummer to consider a great public question. But by statute we were instructed to make inquiry, not concerning the decadence of the American merchant marine, because that is a matter of common knowledge, but in the direction of getting suggestions and information from intelligent business men, shippers, editors, and others that might enable us to lay before Congress some recommendations which would result in remedial legislation.

In pursuance of our work we have held meetings in the great cities of the Atlantic seaboard and the great cities of the Lake region, and we are now here in this wonderful city of Seattle—young, and yet healthful, prosperous, and progressive—to ask the business men here to be good enough to aid us with their suggestions and their views on this great and perplexing question. From here we will go to other cities on the Pacific coast, and later to the South Atlantic and Gulf ports.

Now, gentlemen, it is for you, in a spirit of frankness, whatever your views may be, to present them, because we are not here undertaking to build up any particular theory or to advance any particular notion, but we are here to have you give us your views, whether they are in favor of one theory or another, in the hope that we shall gain something by way of information and knowledge that will help us to recommend legislation that will at least do something toward rehabilitating the American merchant marine, the present condition of which is a matter of national regret, if not a national reproach.

With these few preliminary remarks, because it would be out of place for me to go beyond what I have already said, the meeting is in your hands. [Applause.]

#### STATEMENT OF FRANK WATERHOUSE.

The CHAIRMAN. The chair is informed that Mr. Frank Waterhouse, managing agent of the Boston Steamship Company, resident in Seattle, will be pleased to present some views to the Commission, and the Commission will be pleased to hear Mr. Waterhouse.

Mr. WATERHOUSE. Mr. Chairmen and members of the Commission, I wish briefly to present to you a few facts regarding the present condition of the American shipbuilder and the American shipowner, and to briefly point out the very unfavorable position in which the American shipowner is placed in the foreign carrying trade, and the enormous handicap which the American shipbuilder has to face in consequence.

As managing agent, I represent a new line of American steamers, which operate from Puget Sound to Japan, China, Siberia, and the Philippine Islands, and I am also personally interested in the ownership of American vessels which should be engaged in the foreign carrying trade, if conditions permitted, and I am also interested in the shipbuilding industry on Puget Sound.

The present condition of the American shipbuilder and the American shipowner, as regards the foreign trade of the world, is practically the same, inasmuch as they are both unable to compete successfully with foreign shipbuilders and foreign shipowners, and the remedy needed for the one should be the remedy that would relieve the condition of the other also.

1. The condition of the shipbuilding industry in the United States seems to have reached a crisis, and about the only hopeful thing that can be said about it is that it can not well get worse. Taking the whole country over, there is not a single merchant vessel of any importance that has been laid down during the last year. For more than two years, I believe, no order has been given for a single ship for the foreign trade of the United States. Practically all of the new construction that has been done recently by the shipyards of this country has been Government, coastwise, and lake vessels.

2. The prosperity and advancement of our shipbuilding industry are dependent upon two things: First, demand for ships; second, competition on an equal footing with foreign building.

The work done in building for coastwise and lake commerce can not be regarded as a reasonable gauge or limit of the possibilities of the shipbuilding industry in this country. In order that it may develop and prosper it must have the full field before it, with the opportunity not only to build American ships for competition with foreign-built ships but to build ships in competition with foreign builders. The ability, advantages, and inclination are not wanting in this country necessary to vie with and even to eclipse European nations in shipbuilding, but the opportunity has not yet come, and in the present state of American commerce it never will. Conditions are undoubtedly growing steadily worse in regard to demand for American ships, for three reasons: First, greater first cost as compared with foreign ships, entailing a greater amount of invested capital; second, greater fixed charges and operating expenses, as compared with foreign ships; third, the powerful and growing effect of foreign subsidies.

So serious have these disadvantages become and so great is the handicap thus loaded upon American shipowners that, in the words of the president of one of the largest American steamship companies, "the point will soon be reached when American ships engaged in foreign trade will either be compelled to go out of commission or be transferred to foreign flags."

#### COST 25 TO 60 PER CENT HIGHER.

The cost of American-built ships is from 25 to 60 per cent greater than that of English-built ships. This is partly due to the high wages paid by us, and partly to the protective tariff upon shipbuilding materials. But I believe that even these disadvantages could be overcome if there was work enough to keep American shipyards continuously busy for a sufficient length of time to enable them to develop methods and systems to bring the shipbuilding business to one of manufacturing and to reduce the percentage of fixed expenses. This has been done in other lines of industry, the examples of which are well known. American engines and bridges are built in successful competition with foreign work by sheer force of system, introduction of piecework, and specializing as regards both plant and labor.

Under present conditions, and as long as the cost of production is so much greater in the United States than it is in Europe and in Japan, there is no hope of competing on an equal footing with the latter; but if by any means a stimulus can be given to American shipping which will permit of its competing on anywhere near an equal basis with foreign vessels and creating a demand for ships from American owners, the development of the shipbuilding industry will be such that, by the time the commerce of our own country is carried in our own ships, our shipyards will be in a position to reach out for foreign work. During recent years the work in our shipyards has been extremely spasmodic, and the development of the shipbuilding industry in this country has been greatly hampered because of the constantly decreasing demand for American vessels.

3. These statistics of work done by American shipyards, and of the work on hand and in progress at the present time, demonstrate the necessity of aid from the General Government, which aid, it seems to me, must take the form of legislation in the following directions:

#### PROTECTION FOR BOTH YARDS AND OWNERS.

First. Protection to the products of American shipyards.

Second. The creation of a demand for American ships by removing the handicap under which they are at present operated, and placing them on a fairly equal footing with foreign vessels in the carrying trade of the world.

The case is urgent; the present condition is deplorable, and affects not only the shipbuilding industry and the ship-owning industry, but the welfare of the entire nation. Our merchant marine is practically gone; we have need of 20 per cent of the world's steam tonnage to handle our foreign commerce, and we have ships to handle less than 9 per cent of it. We had 1,617,000 tons more registered tonnage before the civil war than we have now; and instead of our merchant fleet doing the bulk of the carrying business of the world, our own commerce is practically in the hands of foreign ships. Last year we paid out \$100,000,000 in carrying charges to foreign ships, a large part of which at least ought to have been paid to American ships, if such had been in existence. We are building up a great navy, largely for the protection of American commerce, but by the time it is completed, at the present rate of decline in American shipping, there will be no American ships to protect.

We are going to build the Panama Canal, but by the time it is completed we will have no merchant marine engaged in foreign trade to receive its benefits. Our merchant ships have been and are being "run out of business" by the extra cost of operating and through the subsidies received by their competitors. This condition is appalling and it surely warrants decisive and adequate action on the part of our Government for its recovery. In my opinion, the promptest, surest, and most effective remedy that could be applied to relieve the condition of shipbuilders and shipowners, and to secure to our merchant marine a fair share of the foreign carrying trade of our country and of other countries, is for our Government to adopt the policy of subsidy payments to American-built and American-owned vessels. Such subsidy payments, in order to be effective, should be liberal, sufficiently large to relieve the present condition, and should be paid for the

carriage of mails and in the form of military and naval subventions, in consideration of which, American vessels should be built to the requirements and specifications of the military and naval establishments of the United States, so that they could be available, could be used, and should be subject to call by the United States, in the event of war, for use as auxiliary cruisers and army transports. All other maritime nations seem to find the policy of subsidy payments necessary. England has always recognized the necessity of fostering her merchant marine and of striving for supremacy on the sea, in business as well as in war, and she does not hesitate to adopt any means to secure that end. Consider the latest subsidy contract between the British Government and the Cunard Line, by which the former agrees to loan \$13,000,000 at 2½ per cent interest, to build what are to be the two finest and fastest ships in the world, and which the British Government agrees to subsidize to the extent of \$350,000 per year for each vessel.

#### MORE FOREIGN SUBSIDIES.

The three Canadian Pacific steamers which operate from British Columbia to the Orient, and with which our own steamers compete, receive subsidies amounting to £15,000 a year from the Canadian Government and £60,000 a year from the British Government. French vessels are heavily subsidized. Japan subsidizes her ships as high as \$650,000 a year for one line. Germany is a protected country, but the last few years have witnessed a tremendous impetus to her shipping and shipbuilding. This has been due partly to the general expansion of German trade, but it has been backed up and balanced by subsidies and by remission of duties upon shipbuilding materials, to which the German Government was forced to come by the same conditions that now confront the United States, and it has been successful to a surprising degree. It is out of the question to suppose that American ships can enter such a field as this, or that capital will be invested in American ships, without equal advantages.

Such is the nature of the competition with which we have to contend, and such is the condition of our shipbuilders and shipowners at the present time, that the adoption of some form of adequate subsidy payments seems to me to be absolutely necessary, and that nothing else will succeed with the same certainty and promptness. Aside from this, there is no time to experiment or argue over the matter; the case demands relief which will be prompt, specific, and sure, and, in my opinion, money spent by the General Government in the payment of naval and military subsidies and for the carriage of mails will be returned with compound interest to all classes of producers in this country, not only by holding the commerce which we already have, but in opening up new channels of trade.

The trans-Pacific lines of which I am manager are operating their American steamers, which are all A1, new, model in every respect, in competition with the Nippon Yusen Kaisha Japanese Line, with the Canadian Pacific Railway's Empress Line, with the China Mutual Steam Navigation Company, and with the Ocean Steamship Company, which are British lines. The Nippon Yusen Kaisha steamers were built in Japan and in Great Britain, and the steamers of the Canadian Pacific Railway, the China Mutual Company, and of the Ocean Steamship Company were built in Great Britain. The average cost of the



above vessels was at least 40 per cent less than if they had been built in the United States; in addition to this their regulations permit them to carry fewer of a crew, whose wages are at least 25 per cent less than we have to pay on American steamers. Besides these advantages the Nippon Yusen Kaisha's Puget Sound Line receives an annual subsidy from Japan of £134,952, and the Canadian Pacific Line receives an annual subsidy from the Canadian government of £15,000, from Great Britain for carrying mail £60,000, and from the British Admiralty for the privilege of calling on their vessels for use in time of war £7,313.

#### FIXED CHARGES COMPARED.

The following is an approximate comparison of the fixed charges of either of our American steamers *Shawmut* or *Tremont*, which we are operating in our line from Puget Sound to the Orient, and the fixed charges of either of the British steamers *Keemun*, *Ningchow*, or *Oanfa*, which are run in competition with our vessels, to the same ports, and are of almost exactly the same tonnage, same carrying capacity, and have the same earning power:

Fixed charges per day.	Shawmut or Tremont.	Keemun, Ningchow, or Oanfa.
Corporation expenses and taxes.....	\$19.00	\$8.79
Insurance.....	109.58	65.75
Interest.....	136.99	82.20
Depreciation.....	136.99	82.20
Total.....	402.56	238.94

Difference in favor of British vessel per day, \$163.62.

#### CHINESE CREWS ESSENTIAL.

Under these conditions it is almost impossible to operate American vessels profitably, particularly in the trans-Pacific trade, which is spasmodic, six months of the year cargo being abundant and the remaining six months but very little cargo moving. During the dull period our principal competitors have their subsidies to maintain them, while we have to operate our American vessels at a heavy loss.

The steamers of all regular lines engaged in the trans-Pacific trade between the United States and the Orient employ Chinese as sailors, firemen, and steward's assistants. The experience of the steamship companies, as regards earnings and expenses since their lines were established, will prove the absolute necessity of the employment of Chinese in the above-mentioned capacities. The earnings will not permit any increase in operating expenses. The ordinary pay of the Chinese sailor and fireman is \$7 gold per month, of an American fireman \$45 gold per month; of a Chinese steward's assistant \$5 gold per month, of an American steward's assistant \$25 gold per month. The only way that I know of by which American owners can afford to consent to the employment of American sailors and firemen on steamers engaged in the trans-Pacific trade will be for the United States Government to make up for the loss incurred by the steamship owners by doing so.

## AMERICAN AND BRITISH WAGES.

The difference in the wages paid to the crew of an American ship and of a British ship, for exactly the same number and for exactly the same ship, is seen in the following example of a vessel which was transferred from the British to the American flag:

	American.	British.
Captain.....	\$125.00	\$100.00
First officer.....	75.00	47.50
Second officer.....	60.00	35.00
Chief engineer.....	125.00	90.00
First assistant engineer.....	70.00	60.00
Second assistant engineer.....	60.00	35.00
2 oilers.....	80.00	50.00
Steward.....	40.00	30.00
Cook.....	35.00	26.50
8 sailors.....	200.00	<sup>a</sup> 120.00
6 firemen.....	210.00	129.00
2 coal passers.....	60.00	43.00
Total per month.....	1,140.00	766.00

<sup>a</sup> Six sailors.

Difference per year, \$4,536.

The crew under the American flag was greater in numbers by two men than under the British flag.

## STEAMSHIP STATISTICS.

In round numbers the world's steam tonnage amounts to 250,000,000 tons, four-fifths of which is used on salt water. One-half of this tonnage is handled by Great Britain, while the United States comes in with but 3,374,245; 2,846,835 tons of this is engaged in coastwise and lake trade, which, of course, is already amply protected, and 527,410 in foreign trade, and only eight companies of any importance, owning over 10,000 tons each, engage their vessels in the foreign trade, or even in the trade of the Philippines, Hawaii, or Porto Rico.

The Hamburg-American Line alone earns a yearly average of \$13,000,000, passenger and freight receipts from the foreign trade of the United States.

The steamship requirements of our foreign trade with the several grand divisions of the world are, approximately:

	Steamers.	Gross tons.
Europe.....	700	3,200,000
North America.....	250	400,000
Asia-Australia.....	100	400,000
Africa.....	80	380,000
South America.....	110	300,000
Tank steamers.....	70	250,000
Total.....	1,335	4,930,000

At present only 8 per cent of these requirements are being handled by American steamers. To do our own business we need 20 per cent of the world's steam tonnage employed in foreign and colonial trade.

The registered tonnage of the merchant fleets of the several maritime nations of the world are as follows:

	Tons.
United States .....	889,000
Italy .....	1,180,000
France .....	1,480,000
Norway .....	1,660,000
Germany .....	2,960,000
British Empire.....	14,800,000

The United States has developed the most marvelous foreign commerce of all the nations of the world. We are sending into other lands nearly \$5,000,000 worth of American products and commodities every day; but it is a significant fact that American ships convey less than 9 per cent of our exports and imports. The tribute paid to foreign ships for conveying merchandise to and from the United States last year amounted to over \$100,000,000.

#### SHIPPING SUBSIDIES IN 1902.

The following is an approximate statement of the shipping subsidies paid by the various nations during the year 1902 and the basis on which such subsidies were paid:

#### SHIPPING SUBSIDIES.

##### GREAT BRITAIN.

	Total shipping tonnage.	
	1890-91.	1902-3.
	Tons.	Tons.
Steam tonnage.....	7,774,644	12,897,592
Sailing tonnage.....	2,467,212	1,533,480
Total.....	10,241,856	14,431,072

##### 1. Subsidies to create trade.

For fortnightly service between Jamaica and Bristol, contributed equally by the Government and the colony.....	£40,000
Canada to the West Indies, paid by Canada and the home Government equally.....	27,000

Paid for the encouragement of the fruit trade of these islands..... 67,000

##### 2. Payments for services rendered.

##### (a) Yearly payments for carriage of mails:

P. & O. Steam Navigation Company: Weekly service to Bombay; fortnightly <sup>a</sup> service to Shanghai and to Australia.....	£330,000
Orient Steam Navigation Company: Fortnightly service to Australia.....	85,000

<sup>a</sup>The Cunard Company are to build two large steamers for the Atlantic trade, of high speed (24 to 25 knots). The Government is to lend the money (not to exceed £2,636,000, for the construction of the two new vessels, charging interest at the rate of 2½ per cent per annum. The security for the loan is to be a first charge on the two new vessels, the present fleet, and the general assets of the Cunard Company. The Cunard Company is to repay the loan by annual payments, extending over twenty years. From the time the new vessels commence to run the Government is to pay the Cunard Company at the rate of £150,000 per annum, instead of the present admiralty subvention (£21,000).

# 942 HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION.

## (a) Yearly payments for carriage of mails—Continued.

Canadian Pacific Railway Company: Conveyance of troops, stores, and mails from Halifax or Quebec, via Vancouver, to Hongkong..	£60, 000
Royal Mail Steam Packet Company: Fortnightly service to Southampton, to West Indies, and Colon and back to Plymouth.....	80, 000
Pacific Steam Navigation Company: (1) Fortnightly Liverpool to Callao, via Straits of Magellan, Valparaiso; (2) once every four weeks, Stanley, Falkland Islands to Liverpool; (3) fortnightly, Panama to Valparaiso; (4) fortnightly, Panama to Ocos .....	32, 500
London, Chatham and Dover Railway: For carriage of mails twice daily between Dover and Calais.....	£25, 000
Union Castle Steamship Company: South African mail service, paid by Cape Colony and Natal.....	135, 000
British India Steam Navigation Company: Monthly service between Zanzibar and Aden.....	9, 000
	<u>756, 500</u>

## (b) Payments for carriage of mails by weight:

For the carriage of mails from the United Kingdom to New York, 3 shillings per pound on letters and post cards up to a certain weight is paid, and 21 shillings per pound above that weight, and 3 pence per pound on newspapers, etc.	
For the carriage of mails from Queenstown to New York the annual payment to Cunard Line will be.....	68, 000

## 3. Admiralty payments.

### Payment for call of merchant steamers for use as armed cruisers:

White Star Line .....	£28, 000
P. & O. Company.....	18, 000
Oriental Steam Navigation Company .....	9, 000
	<u>35, 000</u>
Royal Mail Steam Packet Company .....	6, 500
Pacific Steam Navigation Company.....	4, 500
Canadian Pacific Railway Company .....	9, 750

Seven steamship companies receive yearly for the call of 49 ships.....	75, 750
Less 25 per cent account steamers carrying mails.....	18, 937

66, 813

Annual payment to Cunard Line in payment of admiralty subsidy <sup>a</sup> .....	150, 000
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206, 813

824, 500

## RECAPITULATION.

1. Subsidies to create trade .....	67, 000
2. Mail subsidies, including Cape Colony and Natal subsidy to Union Castle .....	824, 500
3. Admiralty payments, including Cunard contract .....	208, 813

1, 098, 313

## GERMANY.

	Total shipping tonnage.	
	1890-91.	1902-3.
Steam tonnage.....	Tons. 928, 911	Tons. 2, 636, 338
Sail tonnage .....	640, 400	502, 230
Total.....	<u>1, 569, 311</u>	<u>3, 138, 568</u>

# HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION. 943

The payments made to the German subsidized lines are:

North German Lloyd Steamship Company, East Asian service.....	£165,000
North German Lloyd Steamship Company, Australian service .....	115,000
German East Africa Company, African service .....	67,500

347,500

Paid Hamburg, American, and North German Lloyd for carriage of mails from Hamburg and Bremen to New York (abt.) £65,000..... £60,500

Paid Jaluet Gessellschaft for service to German Southwest Africa and Cape Town .....

4,500

Paid Woerman Lines for like service..... 525

70,025

417,525

## *Indirect forms of bounty.*

1. Exemption from payment of customs duties on all seagoing vessels and river craft and on all material destined for construction, repair, and equipment of same.
2. Reduced rates of carriage by all German State railways to goods imported from inland places in Germany on through bills of lading to East Africa and the Levant, by the German East Africa Line and the German Levant Line steamers.

## UNITED STATES.

	Total registered tonnage.	
	1901-2.	1890-91.
Steam tonnage.....	Tons. 527,410	Tons. 239,996
Sailing tonnage.....	361,366	765,956
Total.....	888,776	1,005,950

The International Navigation Company received for fiscal year ending June 30, 1901, under contract for carrying mails, New York to Southampton.....

\$528,537. 60

1. Vessels of United States register not under contract receive \$1.60 per pound for letters and post cards and 8 cents per pound for other articles. Under this head there was paid for the year ending June 30, 1901..... 721,844. 00
2. Vessels of foreign register receive about 44 cents per pound for letters and post cards and 4½ cents per pound for other articles. Under this head there was expended for year ending June 30, 1901..... 575,665. 95

Total ..... 1,826,047. 55

## FRANCE.

	Total shipping tonnage.	
	1890-91.	1902-3.
Steam tonnage.....	Tons. 809,598	Tons. 1,104,893
Sailing tonnage.....	235,504	415,029
Total.....	1,045,102	1,519,922

## 1. Bounties on shipbuilding.

(French mercantile marine act, April 7, 1902.)

Iron or steel ships, 65 francs per gross ton; wooden ships, 150 francs or over, 40 francs per gross ton; wooden ships, less than 150 tons, 30 francs per gross ton; engines, boilers, etc., 150 francs per gross ton. Paid in 1900.. £196,000

2. *Navigation bounty.*

*Steamers:* 1.70 francs per gross ton per 1,000 miles for first year; reduced 4 centimes during first four years; reduced 8 centimes during second four years; reduced 16 centimes during third four years.

*Sailing ships:* 1.70 francs per gross ton per 1,000 miles for first year; reduced 2 centimes during the first four years; reduced 4 centimes during the second four years; reduced 8 centimes during the third four years. Paid in 1900..... £452,000

3. *Postal service: 1900.*

France and Corsica .....	£14,200
Mediterranean .....	54,066
Calais and Dover .....	10,000
New York, West Indies, and Mexico (including a bounty for speed) .....	450,320
Indo-China and Japan .....	243,347
Algeria, Tunis, Tripoli, and Morocco (including a bounty for speed) .....	74,000
Australia and New Caledonia .....	124,317
East Africa and Indian Ocean .....	76,935
West coast of Africa .....	20,086
	<hr/>
	1,067,271

Total subsidies for year 1900..... 1,715,271

In addition, there is an outfit bounty granted to foreign-built ships under the French flag, over 120 tons gross, and owned by Frenchmen and French companies, limited to 300 "official" days in any year; 5 centimes per day, up to 2,000 tons per day; 4 centimes per day, from 2,000 to 3,000 tons per day; 3 centimes per day, from 3,000 to 4,000 tons per day; 2 centimes per day, from 4,000 tons and above.

The navigation bounty and outfit bounty will be reduced 5 per cent on steamers of less than 12 knots, and 10 per cent on those of less than 11 knots, while those below 10 are debarred. In the case of steamers built on plans approved by the Admiralty, 25 per cent additional subsidy is paid.

The total amount of new tonnage entitled to bounties is limited to 500,000 gross tons for steamers (of which 200,000 tons may be of foreign construction but under the French flag) and 100,000 tons for sailing vessels.

Now, I should like especially to call the attention of the Commission to the case of Japan. We are in competition, as I have already said, with the steamers of the Nippon Yusen Kaisha, which run to the same ports to which our steamers run and are engaged in the same trade.

## JAPAN.

	Total shipping tonnage.	
	1890-91.	1902-3.
	<i>Tons.</i>	<i>Tons.</i>
Steam tonnage.....	138,431	555,230
Sailing tonnage.....	33,123	135,351
Total.....	171,554	690,581

1. *For ships constructed in Japan.*

Vessels over 1,000 tons, 20 yen per ton; vessels over 700 tons and under 1,000 tons, 12 yen per ton; engines built with ships, or in any other native dock yard, with the consent of the minister of communications, 5 yen per horsepower. Paid in 1899..... £27,700

2. Navigation.

For iron and steel ships owned exclusively by Japan, plying between Japanese and foreign ports, 25 sen (6d.) per gross ton per 1,000 knots for ships of 1,000 tons, steaming 10 knots an hour; 10 per cent additional for every additional 500 tons up to 6,000 tons, and 20 per cent for every additional knot, up to 17 knots.

Japanese subsidies for regular line service in 1898:

To the N. Y. K. European Line .....	£272,959
To the N. Y. K. Seattle Line (3 steamers) .....	£66,765
Addition, 3 steamers, service 1898 .....	68,187
	134,952
To T. Y. K. San Francisco Line .....	103,500
	£511,411

To establish regular trade, there was paid in 1900:

To North China and Korea Line .....	59,208
To Yangtze Line (Shanghai and Hankow) .....	29,793
	89,001

Total approximate yearly payments (excluding postal services)..... 628,112

Twenty-five sen per 1,000 miles per gross ton for a ship of 1,000 tons burden, steaming at a rate of 10 knots per hour; 10 per cent additional for every additional 500 tons; 20 per cent additional for every additional 1 knot in speed, until the limit of 6,000 tons and 17 knots is reached.

On the above basis of computation the Nippon Yusen Kaisha is receiving subsidy from the Japan Government for service Yokohama-Seattle, as follows:

[Distance Seattle-Yokohama, 4,280 miles; round trip, 9,560 miles.]

	Tonnage.	Per round trip.		Per year average 4½ round trips.
		Sen.	Yen.	Yen.
Kaga Maru .....	567,090x9.5-	5,387,356	53,873	238,449
Biojun Maru .....	4,806	3,903,673	39,036	169,156
Iyo Maru .....	6,320	5,408,600	54,036	234,156
Shinano Maru .....	6,388	5,461,740	54,617	236,673
Tosa Maru .....	5,823	4,606,248	46,052	199,558
Aki Maru .....	6,444	5,509,620	55,096	238,749
Total .....				1,311,741

Equals £134,952 per annum for 26 round trips, or average £5,190 per round trip.

The yen is worth about 50 cents gold.

ODDS AGAINST THE AMERICANS.

That is the advantage the Nippon Yusen Kaisha steamers have over us, in addition to the lower fixed charges, to which I have already called your attention, and the lessened cost of operation.

The CHAIRMAN. And cheaper construction?

Mr. WATERHOUSE. And cheaper construction. Our experience with our American steamers is that the fixed charges of insurance, depreciation, taxes, corporation expenses, and interest amount to about 50 per cent of the total cost of operating the boats.

The CHAIRMAN. Why is it, Mr. Waterhouse, that the fixed charges of insurance, depreciation, etc., are so much larger in the case of our ships than foreign ships?

Mr. WATERHOUSE. Because in the case of our ships, for example, the *Shawmut* and *Tremont* cost \$1,000,000 each to build. The Japanese vessels, the *Keemun*, *Ning Chow*, and *Oanfa* (I mention those particularly because they are of the same tonnage, the same earning power, built at the same time, all new ships, and thoroughly modern) cost about \$600,000. Setting aside depreciation and insurance we are paying interest on about \$400,000 a year more than they are doing.

The CHAIRMAN. That is very clear.

Mr. WATERHOUSE. I will next state the shipping subsidies paid by the Russian Government.

## RUSSIA.

	Total shipping tonnage.	
	1890-91.	1902-3.
Steam tonnage.....	<i>Tons.</i> 156,070	<i>Tons.</i> 556,102
Sailing tonnage.....	271,265	244,282
Total.....	427,335	800,384

## Subsidies and bounties paid in 1899:

	Rubles.
The volunteer fleet.....	600,000
Black Sea Navigation Company.....	650,000
Black Sea Danube Navigation Company.....	315,000
Archangel Murman Navigation Company.....	281,000
Caucasus Mercury Company.....	289,000
Amur Navigation Company.....	250,000
Kichkta Company (Lake Baikal).....	34,000
Glohoff Company (on the Lena).....	50,000
Feodoroff's steamers (Vladivostok).....	6,000
Petchora steamers (Archangel and Petchora).....	10,000
Sherelleff's steamers (North Pacific).....	150,000

2,633,000

In addition the Government pays Suez Canal dues to—

	Rubles.
Volunteer fleet.....	600,000
Black Sea Navigation Company.....	200,000
	800,000

3,433,000

3,433,000 rubles at 2/1d per ruble = £364,750 yearly.

The largest subsidies are granted for the transport of troops, ammunition, and passengers to the Russian volunteer fleet (600,000 rubles, together with 600,000 rubles more, as repayment of Suez Canal dues).

The Russian volunteer fleet is really a Government concern. Its board of management is entirely nominated by the State, and at its head is the minister of marine, while all its officers and crews are regarded as in the employment of the Crown. It was originally created at the time of the war scare of 1877-78, and the funds were raised in the first instance by volunteer subscription.

Russian mails and Government passengers carried free.



## NORWAY AND SWEDEN.

	Total shipping tonnage.	
	1890-91.	1902-3.
Steam tonnage.....	<i>Tons.</i> 428,450	<i>Tons.</i> 1,331,459
Sailing tonnage.....	1,631,867	991,471
Total.....	2,060,317	2,322,930

Norway and Sweden paid for carrying steamer mails in 1902, £69,065.

To establish a four-weekly steamship service under the Dutch flag, between Java, China, and Japan, calling at Soorabaya, Samarang, Batavia, Hongkong, Shanghai, Yokohama, Kobe, and Amoy, the State has agreed to pay 300,000 florins (1 florin equals about 40 cents) a year for the first five years, 250,000 florins a year for the second five years, 200,000 florins a year for the third five years, on the condition that when the net profits amount to more than 5 per cent on the paid-up capital the State shall receive two-fifths of the surplus, the remaining three-fifths, up to a maximum of 4 per cent on the paid-up capital, to be retained by the company, and of the remainder the State to receive three-fourths and the company one-fourth. This to continue until the whole subsidy is repaid. Mails to be carried free.

## ITALY.

	Total shipping tonnage.	
	1890-91.	1902-3.
Steam tonnage.....	<i>Tons.</i> 300,625	<i>Tons.</i> 691,841
Sailing tonnage.....	513,942	467,241
Total.....	814,567	1,059,082

Italian subsidies to their mercantile fleet are fixed very much on the line of the French payments.

## 1. Shipbuilding.

On hulls of Italian construction, 45 lire per gross ton measurement, for steamers of less than 12 miles per hour, and for steel and iron sailing vessels; 50 lire for steamers of 12 to 15 miles speed; 55 lire for steamers exceeding 15 miles speed. Marine engines receive 12.50 lire per unit of horsepower. Boilers receive 9.50 lire per quintal.

## 2. Navigation.

Paid on Italian-built vessels only: 40 cents per gross ton per 1,000 miles for steamers up to fifteenth year of construction; 20 cents per gross ton per 1,000 miles for sailing vessels to twenty-first year of construction.

The yearly distance on which bounties are paid is limited to 32,000 miles for steamers of less than 12 knots; 40,000 miles for steamers of 12 to 15 knots; 50,000 miles for steamers of over 15 knots, and 10,000 miles for sailing vessels.

Total subsidy not to exceed in any year 10,000,000 lire, or £400,000.

It is rumored that the Italian Government has under consideration the establishment of a line of steamers to China, with a yearly subsidy of 1,000,000 lire, but as Italy has little interest in China it is doubtful if this subsidy will be arranged.

## AUSTRIA.

	Total shipping tonnage.	
	1890-91.	1902-3.
Steam tonnage.....	<i>Tons.</i> 151, 166	<i>Tons.</i> 529, 319
Sailing tonnage.....	118, 482	26, 742
Total.....	269, 648	556, 061

Austrian subsidies are divided into two classes: (1) Payment to the Austrian Lloyd Company for mails; (2) bounties to the Austrian mercantile fleet.

The Austrian Lloyd Company receive—

For voyage in the Adriatic and Mediterranean, at average rate of  $11\frac{1}{2}$  knots per hour, 3 florins 55 kreutzers per knot; 10 knots per hour, 2 florins 40 kreutzers per knot; 9 knots per hour, 1 florin 80 kreutzers per knot; for ocean voyages, at average rate of 11 knots, 2 florins 80 kreutzers per knot; for voyages between Trieste and Samos, 2 florins per knot; for other voyages, 1 florin 70 kreutzers per knot.

The company is paid £5,000 per annum for parcel-post service, and the maximum to be paid in any year is fixed at £242,500, and the Suez Canal dues are refunded to the company by the Government.

The Government advanced to the Austrian Lloyd Company 1,500,000 florins for shipbuilding, to be repaid in five yearly payments, beginning in January, 1902.

*Trading bounties.*

For iron or steel steamers, 6 florins per ton; for iron or steel sailing ships, 4 florins 50 kreutzers per ton; for wooden or composition ships, 3 florins per ton, to decrease 5 per cent yearly and cease after fifteen years. An increase of 10 per cent is given for the ships built in national dockyards and 25 per cent if constructed of home-produced materials to the extent of one-half. The ships must be owned to the extent of at least two-thirds by Austrian subjects.

Ocean trip bounties are paid to vessels at rate of 5 kreutzers per net ton burden for every 100 nautical miles run beyond limits of small coasting trade, either from or to Austrian ports, when in the interest of national commerce, and not undertaken in competition with one of the regular lines subsidized by the Government.

I submit the following table showing the relative value of foreign money:

Pounds sterling.....	\$4. 86
Russian ruble.....	.51½ = 100 kopecks.
French franc.....	.20
Centime.....	.002
Yen.....	.50
Sen.....	.005
Italian lira.....	.20
Austrian Krone.....	.20 = 100 kreutzers.

Our Government could greatly relieve the condition of the regular trans-Pacific American lines by turning over to them the carriage of all Government passengers and supplies, to and from the Philippine Islands.

It has cost the United States to maintain and operate its transports during the past six years over \$20,000,000. These figures do not include the original cost of the transports, or the initial cost of changing them into transports, when they were first purchased.

GIVE UP THE TRANSPORT SERVICE.

When the transport service was first established on the Pacific it was undoubtedly a necessity, and indirectly, on account of the service it has performed, I believe it has repaid the country for the money invested in it. When the transports were purchased there were no American commercial steamers available on the Pacific ocean on which the Government could depend to move its troops and supplies to and from the Philippine Islands. This condition, however, has entirely changed during the last two years, and there is now plenty of American steam tonnage on the Pacific available for this work and anxious to undertake it. There are at least eight magnificent new American steamers which are available for this service, the smallest of which has a passenger capacity of over 600 and a cargo capacity of over 14,000 tons, and the largest a passenger capacity of about 2,000, and a cargo capacity of 28,000 tons. These eight are all twin-screw vessels, most of which are much faster than the present transports. All are new, thoroughly modern, and some of them have been fitted up expressly for the purpose of carrying troops, according to the requirements of the United States military authorities.

If the present transports could be laid up, out of commission, and be there retained by the Government in case of need, and if the Government business could be fairly divided between the regular American lines, operating from Pacific coast ports, the arrangement would, I am confident, prove to be an economical one for the Government, as the service would be undertaken by the commercial lines for less than it is now costing by the use of army transports, and the American commercial lines would be greatly benefited and their present condition much relieved as a result.

ENGLAND HAS NO TRANSPORTS.

Great Britain formerly maintained a huge transport service, but she has latterly abandoned it entirely for economical reasons and because she found that her merchant steamers could handle her transport service more cheaply and more satisfactorily than she could maintain regular army transports for that purpose, and because she realized that her merchant steamers needed the business in order to assist in maintaining them in the regular lines that Great Britain has in operation to all her foreign possessions, and in fact to all parts of the world. Our Government has abandoned its transport service on the Atlantic; it ought to do the same on the Pacific.

We want to secure the abandonment of the present transport service. We want to eliminate the transport service from competition with the commercial lines. The Boston Steamship Company now has, and has had for the last two years, a contract with the War Department for the carriage of such supplies as could not be handled by the regular army transports, and it is the business which we have secured as the result of that contract alone that has made it possible for the Boston Steamship Company to keep its line in operation on the Pacific. Last year the transport service cost the Government \$1,750,000, I think. If that amount of money could be divided fairly between the American lines which are anxious to undertake the business, and they are

willing to undertake it for less money than it is now costing the Government, it would be of great assistance to us. It would be a nucleus that we could depend on.

#### SOME POSITIVE GUARANTY.

It seems to me that when we are figuring on any remedial legislation in behalf of the shipowning and shipbuilding industry of this country, what we want particularly is some sort of a guaranty. In order to get an investor to invest his money in American ships the first question he asks you is, "How is it going to come out? Suppose I put my money into that ship as a builder, what return will I get for it?" Under the present condition of shipping there is no way of showing that there is to be any return. You can not show them any figures that will give them any hope at all. But if the Government should give us some sort of a guaranty, a guaranty that we would have a mail contract; or would receive so much money a year for each voyage we made, and that for the privilege of calling on our vessels in case of war we would receive so much from the Navy Department and so much from the War Department in case they were called for service as auxiliary cruisers or transports, we would then have some guaranty, something to invest on; there would be something tangible.

I believe in discriminating duties. I think discriminating duties will help us. But they are not specific enough. They are too undetermined. The benefits we receive are not settled enough. We have got to have a specific remedy. We can not get investors to put their money in American ships unless we can specifically show them that they are going to earn so much money on their ships.

I thank you very much for your attention. [Applause.]

#### AS TO FREE MATERIALS.

The CHAIRMAN. Just one question, Mr. Waterhouse. I noticed that in the opening of your paper you suggested that the protective tariff plays some part in the matter of shipbuilding material.

Mr. WATERHOUSE. Yes, sir.

The CHAIRMAN. You, of course, are aware of the fact that in the matter of building ships the present law grants a rebate equivalent to the tariff rates if the material is used in shipbuilding for the foreign trade?

Mr. WATERHOUSE. Yes, Mr. Chairman, I understand that, but the law is ineffective for this reason: The law only applies, as I understand it, to registered vessels that are to be engaged in the foreign trade; it does not apply to enrolled vessels that will perhaps be engaged in the lake or coasting trade, and American shipowners will not take advantage of that law, because it prohibits them from using their vessels in the coasting business.

The CHAIRMAN. You are right.

Mr. WATERHOUSE. They have to pay a duty on their material.

The CHAIRMAN. You are absolutely right, I think. The law simply applies to a vessel engaged exclusively in the foreign trade.

AMERICAN AND FOREIGN WAGES.

Representative MINOR. Mr. Waterhouse, in speaking of the wages paid on American ships and Japanese and Canadian ships, you spoke of it only in a general way. You spoke of a vessel being transferred from the British to the American flag, or from the American to the British flag, and showed the difference. Have you any information to submit to the Commission as to the difference between the wages paid to your captain, mates, and engineers and what is paid on Japanese and British ships?

Mr. WATERHOUSE. I would have no objection at all if I had the figures. I can tell you what we pay our officers, but I can not tell you what they pay on the Japanese boats. I know I am perfectly safe in stating that our wages are at least 25 per cent higher than theirs. I have had a number of British ships under time charter during the last few years. The average wages paid to a British steam captain is \$150 a month. We pay our masters \$300 a month.

Representative MINOR. Of course the Japanese ships carry no Americans, I suppose, as a part of the crew?

Mr. WATERHOUSE. No; they do not.

Representative MINOR. Do you carry very many Americans outside of your licensed officers?

Mr. WATERHOUSE. We carry a carpenter, chief steward, purser, assistant steward, chief cook, baker; some of the ships a second cook, a stewardess, and butcher. All are Americans.

Representative MINOR. And your oilers?

Mr. WATERHOUSE. The oilers and all the help in the engine room are Chinese, except the officers.

MAIL AND NAVAL SUBSIDIES.

Representative SPIGHT. What would you make the basis of subsidy payments? You would regulate them by the running, by the trips, the tonnage, or how?

Mr. WATERHOUSE. I think the mail payments would have to be based on speed. I think they should be applied, however, to any American vessel that makes over ten or ten and a half knots, and that they should be graded—increased in size according to the speed. I am afraid that is the only way by which it could be properly regulated. But I think if we go in for admiralty and naval subsidies they should be available for every class—every A1 American steamer—irrespective of the speed she makes.

Representative SPIGHT. Without regard to speed?

Mr. WATERHOUSE. Without regard to speed at all.

Representative SPIGHT. Now, Mr. Waterhouse, you say the objection to a discriminating duty is that it does not give any fixed profit or compensation. What is your idea as to how much subsidy would be required to meet your views in the interest of the upbuilding of the American merchant marine?

Mr. WATERHOUSE. I am not able to state.

Representative SPIGHT. You evidently have given a great deal of thought to this subject, and your paper has been very interesting. I should like to know if you have any idea as to how much that subsidy would have to be in order to make it effective?

Mr. WATERHOUSE. I could not state that. I have no data. I have not gone into that phase of the matter.

Representative SPIGHT. Then, in the same connection along those lines, have you thought about whether the withdrawing of the subsidies eventually would not operate to stop the running of the ships; or, would the subsidies have to be perpetual?

Mr. WATERHOUSE. Yes; I think the subsidies would have to be perpetual.

#### FOR SERVICES RENDERED.

Representative MINOR. Mr. Waterhouse, I did not understand you to say that you believe in a direct payment from the Treasury except for mail and admiralty.

Mr. WATERHOUSE. Exactly. I do not believe in any payment except for service performed.

Representative MINOR. In other words, you believe in the establishment of American steamship lines, carrying mail to places where we have no regular lines, and where there is an opportunity to build up American trade and a demand for American products. Is that it?

Mr. WATERHOUSE. Yes, sir; that is it.

Representative MINOR. So you do not rely upon the measure we had before us in Congress, called the Hanna-Payne bill, providing for a direct payment?

Mr. WATERHOUSE. No, sir.

Representative SPIGHT. I beg your pardon; then I misunderstood you. I thought you advocated the payment of a direct subsidy without regard to service rendered.

Mr. WATERHOUSE. Really, I do not quite know what is meant by a direct subsidy. I tried to find out exactly what is meant by the term "direct subsidy." I do not know what is meant by it. I only advocate subsidies (I do not know that they ought to be called subsidies at all, but payments by the Government) for carrying the mail, and for the privilege of calling on the merchant marine of the United States for its vessels in case of need for use as transports and as auxiliary cruisers.

Representative MINOR. In time of war?

Mr. WATERHOUSE. In time of war. In that way we would build up an auxiliary naval fleet, and we would build up a first-class transport fleet; and the country would never again be caught as it was at the outbreak of the Spanish war, without auxiliary cruisers and without transports, and absolutely dependent on other nations to supply them, particularly the latter.

Representative SPIGHT. I understand, then, that it is your position to pay only as compensation for some kind of service rendered?

Mr. WATERHOUSE. Yes, sir; exactly.

Representative SPIGHT. Or to be rendered?

Mr. WATERHOUSE. Exactly.

#### CHINESE ON OUR SHIPS.

The CHAIRMAN. Mr. Waterhouse, it has already been suggested to the Commission, and I anticipate it will be pressed very earnestly upon the Commission in another part of the country, that we ought to amend our laws so as to exclude the employment of Chinese entirely

in the shipping business. What effect would that have upon your line?

Mr. WATERHOUSE. We would have to discontinue our operations immediately.

The CHAIRMAN. There is no question on that point in your mind?

Mr. WATERHOUSE. Not the slightest.

The CHAIRMAN. That is what I desire to ascertain. We are very much obliged to you.

Representative MINOR. Your statement has been very interesting, Mr. Waterhouse.

#### STATEMENT OF JOHN P. HARTMAN.

John P. Hartman appeared before the Commission.

The CHAIRMAN. Mr. Hartman, will you state in what line of business you are engaged?

Mr. HARTMAN. Mr. Chairman, I am by profession an attorney, and I have connection with some of the steamship lines, operating in Alaska particularly. I had not thought that anything I would have to say could be of interest to this Commission, as it is technically constructed and constituted by the act of Congress, but in response to the request of Mr. Humphrey, our representative, I came here to give you some facts that may be of interest to you. If a way could be seen to make some of the changes desired it would be of great advantage to the shipping in that district, and from this coast to that district, as the Alaskan trade is very largely controlled by Puget Sound, San Francisco having the balance of it, but the larger percentage being from this section.

#### PACIFIC COAST FAVORS AID.

Before entering, however, particularly into that, as one interested somewhat in shipping in this country besides the district I have mentioned, I wish to emphasize what has been said by Mr. Waterhouse. I think the crystallized opinion of the people of this coast, as the conditions exist, is in favor of Government aid to American-built vessels, and that it shall come in the shape of mail subsidies, engaging in the transport service for the Government as an incident to the other business, and preparation for auxiliary cruisers in time of war.

The bill spoken of a while ago as the Hanna-Payne bill has many advocates on the Pacific coast, and it has had many advocates in the past. I am of the impression, from the information I have been able to get from men largely interested in matters of this kind and have deliberative opinions, that as the conditions exist in this country such a bill probably is not practicable, or could not be placed probably on the statute books. So we must look at the practical side.

If a mail route could be established reaching to the Orient from this coast, and a subsidy or a compensation—I do not care what it is called—could be given, and then the transport service given to the merchant marine we have here, and more that we hope to get, it would be the one starting point. That would encourage shipping. It would be the means of making investors feel that there is something to build upon, and as they follow the lines established as mail routes it means more trade, and more trade to those parts means more commerce, and

more commerce means, of course, finally, a reasonable income on the money invested.

Now, I take it that every investor is not caring so much what the thing costs that he invests in as he is caring about the return upon that investment. It finally all comes down to what is the percentage or income. That is all there is to it. An investment may cost me \$2,000, but if I get 7 per cent out of it it is better than other matters I pay \$2,000 for, and out of which I get only 6 per cent. So these are the considerations that practical men look at, and they are urging at the present time upon this Commission that we shall have some definite steps taken that will finally place our merchant marine on an approaching parity with that of other nations whose ships carry the tonnage of the world.

#### OUR NEED OF A NAVAL RESERVE.

Mr. Waterhouse has given you so many figures upon the transport service I do not care to say anything about that further than to make a general observation. When the war with Spain broke out, in 1898, had this Government been in a position where it would have had the enmity or ill-feeling or lack of cooperation or nonneutrality, whichever way we may put it, of the principal maritime nations of the other side of the Atlantic, we could not have carried on our transport business, because we did not have the American bottoms in which to carry it, and we were leasing and renting boats here, there, and yonder where they could be chartered to carry troops and supplies. It was a lamentable condition, gentlemen, and one that we hope we shall never be in again.

But can we prevent it? God knows we all hope we never shall have another war, but if it comes can we prevent this condition from arising again, unless in time of peace we shall do those things which will build up that marine which we shall need in time of war to do our transport service and act as auxiliary cruisers in aid of our Navy? We are building up a great navy and we are keeping this little transport service running.

As Mr. Waterhouse indicated to you, if an amount of money were ratably or properly distributed among the different lines operating on this coast, it would be that nucleus around which not only the investor would see fit to put in his money, but the tradesman, the manufacturer, all engaged in commerce, would say here is the opportunity, here is a half cargo for Manila of Government freight or of men, as the case may be; we will fill up the balance of the boat with our own product and take it over there, and we will sell it, because we begin to get something of standing throughout the world, and it has its double effect.

#### THE TRADE OF ALASKA.

Dropping that subject I will go to what I have to say about some conditions that have presented themselves in Alaska. That is a vast region, almost one-third the size of the United States, whose surface is merely scratched as by a hen going about with her brood of chickens. What it contains we do not know. The indications are that it is one of the great depositories of precious metals of the world. When we bought it we knew not what it was worth, but it has been of



vast importance, not alone to the commerce of the Pacific coast, but by increasing the gold of America.

When I speak of Alaska I may include the Yukon territory, because from a practical standpoint it belongs to this country. When the census of 1901 was taken in Dawson about 85 per cent of the people living there and engaged in business were citizens of the United States.

Eighty-five per cent of the mines and a little more were owned by citizens of the United States. So almost 100 per cent of that gold output comes, and will continue, I believe, to come to the United States. So, from a practical standpoint, that is our country.

However, we have lost the trade of that district. We are losing the trade farther down the river that the United States ought to have. While Vancouver has gotten that trade, she is selling goods to American citizens who would prefer, all conditions being equal, to buy of their own people. We had, to start with, almost all our goods there. We ran along until it began to change. Last year of all the goods going into Dawson and into that district 80 per cent went from the Canadian side, we having the remaining 20 per cent, a little more than reversing conditions which existed before.

#### AN EXCEPTIONAL CASE.

There are some particular features that have developed in this business and trade that were dug up by the War Department. As you gentlemen know, we have a considerable number of soldiers in the District of Alaska. There are, I think, two companies at Fort Egbert, which is just over the line below Dawson City. I believe that has been increased to three companies, and possibly more. There are soldiers at Circle, Gibbon, Rampart, and on down the river. I will speak only in connection with the statutes to which I want to call your attention. The Yukon River is reached by the ocean-going vessels both from Skagway and via Bering Sea. The War Department, as the law requires, advertised for bids to carry men and supplies. Now comes the time this year when the men are changed. I believe every two years they are changed from that especially cold region and brought down and others sent up. Supplies, of course, in large quantities are going there every year.

It was especially indicated that bids would be received by way of Skagway, commonly known through there as the White Pass route. There is a peculiar condition existing there. The goods are carried on American bottoms from Puget Sound, principally from this port, to Skagway. There is a railroad of 20 miles running through American territory to the summit of the mountain at White Pass. From that there is another railroad, technically speaking, but of course the same line extended down to Boundary Island, about 40 miles farther from the American line, between British Columbia and Alaska, to the Yukon territory line between Yukon territory and British Columbia, and then there is another technical company having the balance of that 112 miles to White Horse, and British vessels carry goods from White Horse to Dawson, and on the lower river they are carried in American bottoms. So there is a condition that is met in commerce nowhere else in the world.

There is a short line of railroad for 112 miles running through three different governments to which it must make different reports, and

maintain three different sets of accounts, and do all the intricate accounting that is necessary to be given to the different governments, although for practical purposes it is one line of railroad. The train starts at Skagway and runs through to White Horse and back again, and then from there down to Dawson the goods must be carried in British bottoms.

#### FORBIDDEN BY LAW.

The bids were received and owing to the fact that the goods could be carried cheaper down the river than up the river the bids were in fact lower by this route. Protests were made over receiving the bids that would carry the goods by the route that gave the lowest-priced service. The Judge-Advocate-General in looking over the statutes found these two sections. The first is the act of June 19, 1886, and amended in 1898. The first section of the act of 1886 provides that—

“No foreign vessel shall transport passengers between ports or places in the United States, either directly or by way of a foreign port, under a penalty of two hundred dollars for each passenger so transported and landed.” (U. S. Comp. Stat., p. 2972.)

The act of February 17, 1898 (30 Stat. L., 248), contains a similar provision, but applying to freight. It is as follows:

“That no merchandise shall be transported by water under penalty of forfeiture thereof from one port of the United States to another port of the United States, either directly or via a foreign port, or for any part of the voyage, in any other vessel than a vessel of the United States. But this section shall not be construed to prohibit the sailing of any foreign vessel from one to another port of the United States: *Provided*, That no merchandise other than that imported in such vessel from some foreign port which shall not have been unladen shall be carried from one port or place in the United States to another.” (U. S. Comp. Stat., p. 2973.)

The intent, no doubt, of this law, which has its salutary effect in places, would be to say that one of the Hamburg steamers can not come to New York and there pick up cargo and go to New Orleans, for, if it does, the cargo would be forfeited to the United States, and if it carried passengers it would pay a penalty to the United States Government of \$200 per passenger. That is the intent. But here is a condition different from that of any other part of the country, and it has some physical conditions that I may call to your attention before I go on with the matter of the final consideration of these bids.

The Yukon River at its mouth opens up usually about the first of July, the ice going from the lower end last, and sometimes even later than that. It is frozen up there at least three weeks earlier than it is up the river. At Dawson the river is always open by the first of June, and vessels are able to get through Lake La Barge and to go down by the tenth of June, so that goods might be landed at Egbert, the first Army post, and on down the river, a month earlier. These supplies are very necessary for not only the people but for the soldiers who are there, and they can be landed there a month before they could be brought up the river, and they can be taken there in the fall three weeks later than they could be brought up the river. So there are physical conditions which make it necessary for the Government to send their freight down the river in the early summer and in the late summer.

After the bids had been made and the Judge-Advocate-General had considered these sections, he said, "The Government can not accept the lowest bid because the statute forbids it." We will take Seattle as the initial point, although I believe a good many of the men and supplies are going by transports from San Francisco. The men then must be sent from this port by high seas to St. Michael, a distance of about 2,600 miles, and there transferred to the river steamers. We will take Egbert, for instance, again, as I used that for illustration. Then they will go by river steamers a distance of 1,300 or 1,400 miles, making a total travel of 4,000 miles of goods and men to get to Egbert, while if transported by the natural way the distance from here to Skaguay is 1,000 miles, and from Skaguay to Egbert the distance is about 525 miles, making a saving, as you will observe, of 2,500 miles, in round numbers, of travel to the men, and of time and of inconvenience, and transporting the men and supplies for less money.

#### IN SPITE OF THE STATUTES.

But here is this statute that I called your attention to, and I was especially requested to call your attention to it. Notwithstanding that statute, the Government of the United States finds it absolutely necessary, so its Departments say, to violate that statute and because of the necessity to send some men and some freight down that way during the fall. Why? The potato crop, the onion crop, is not matured sufficiently for safe shipping at the time goods must leave here to go away around by Bering Sea and take the chances of getting them back up the river and to the different posts before the mouth of the river shall freeze, or, as we know, the river is low in the latter part of summer, and on the bars and at the flats down there boats are often stranded because the water is so low. So, notwithstanding the statute, they are compelled to send these perishables down the river that the Government may have that which it must have for its men, and that the hardy miners who are developing that country and have brought so much to the United States may have the necessities which they must have.

I do not know that this is exactly under the jurisdiction of your work as a Commission, but it seems to me, whether it may technically be under your jurisdiction or not, as American citizens, and more, as representatives of the American citizens in the great bodies from which you come, I ask you to take it under consideration, and grant that relief which is necessary and that amendment of the law which may be necessary to internationalize a line. It would seem to be a natural thing to do to internationalize that line by an agreement between this country and Great Britain and make it interchangeable back and forth.

There is no reason why a customs inspector should be stationed up there at the summit at White Pass, or that a Canadian inspector should be stationed there, for goods that are going in bond, and to travel down with them, as they are compelled under the regulations between the two governments, until they have gone over the Canadian border or until they have got over the American border and stopped on the Canadian side. When goods are shipped from New York City to Chicago by way of the Grand Trunk road, they are thrown into the cars and go through, and nobody pays any attention to them. But out on this American frontier the customs authorities of the two governments at

times have made it so technical and the laws of the two countries have at times made it so inconvenient that it was well nigh impossible to transact business.

#### SHIPPING IN BOND.

The CHAIRMAN. Can you not send goods to Alaska in bond precisely as we send goods from New England to Chicago in bond over the Grand Trunk road?

Mr. HARTMAN. Yes, sir; but practically it does not work so well. There is no law prohibiting the sending of goods in a Grand Trunk car, or, putting it another way, there is no law that prohibits the transportation of goods, directly or indirectly, in a foreign-owned car from one American port to another American port through a foreign country, or through an American country, as the case may be. The Congress of the United States has said that if it is a foreign-owned vessel it can not be done but if it is a foreign-owned car it can be done. Now, for God's sake, why make a difference between a Grand Trunk car and a Hamburg-American foreign-owned steamer?

The CHAIRMAN. I asked that question for the reason that on this very trip I had my trunk put in bond at Concord, N. H., and I found it in Chicago.

Mr. HARTMAN. Yes, sir; by train.

The CHAIRMAN. It came over the Grand Trunk road. I had no trouble about it.

Mr. HARTMAN. We have a little crop out here, and last year I shipped myself, by way of the Grand Trunk Railroad, to New York City, and there was no trouble. But up here, you understand, the railroad ends in Canada or in the Northwest Territory. Then a vessel comes up, and then these peculiar statutes come into play, and there have been so much minutiae in the way that sometimes the potatoes spoil before they get out of the hands of the Government inspectors of the two different governments. We have often in practical experience lost perishables. They were absolutely ruined because they could not be transported in the time necessary to protect them.

Now, if you please, gentlemen, I do not think I want to take your time further, except to say that there is a large investment of American capital, principally Pacific coast capital, in this trade, and it is all carried at some portion of the line of transportation in vessels of American ownership and American manufacture. Some, however, may be engaged in the trade that have been brought from foreign countries and that were by act of Congress entered in this country. Of these vessels there are, I do not know how many, but there must be at least 100 of them plying in this trade, from the small fellow that will carry 200 tons to some as high as 5,000 tons. All that they are asking is that they may have that right of trade which is granted to all other portions of our country, and that we may be hitched on to the American marine, whatever it may be in the future and what it is to-day, as a part of it, with the same privileges and the same rights and the same opportunities that are granted to the other portions of the United States.

Now, if you have any questions to ask I shall be very glad to respond, as far as I can.

The CHAIRMAN. We are much obliged to you, Mr. Hartman.

**STATEMENT OF FRANK W. HIBBS.**

Frank W. Hibbs appeared.

The CHAIRMAN. Mr. Hibbs, will you state to the Commission what your relation has been to shipping matters and naval matters?

Mr. HIBBS. I was naval constructor in the Navy for about eight years. I am a graduate of the Naval Academy. I was in the Navy for something like seventeen years. I have been at Moran Brothers' shipyard as assistant general manager for a year and a half.

Representative SPIGHT. Then, I understand you are not in the naval service now?

Mr. HIBBS. No, sir; I am not.

Gentlemen, whatever may be the causes of the decline of the foreign shipping business of this country, and whatever may be the significance or the bearing thereof, it must be acknowledged that that fact exists; that the flag of the United States is fast disappearing from the high seas; and that, judging from present conditions and tendencies, it will not be long before the American merchant marine will have nothing to identify it but its past greatness.

To those who have had an opportunity to observe these conditions this fact has been glaringly evident, and to others it is only necessary to study the statistics that have been published from time to time to be convinced not only of its existence, but of the impending doom of this once flourishing industry.

**NOT WITHOUT WARNING.**

This condition has not been reached without the warning of thinking men all over the country; the trend of the foreign shipping business has been made known over and over again for several years, and repeated attempts have been made to bring the state of affairs to the attention of Congress with a view of securing legislative action that would result in gradually upbuilding the merchant marine.

Although so far unsuccessful, the agitation of this question has served to bring it before the people, and it is believed that a thorough appreciation of the condition to be met can not fail to bring about adequate measures of relief.

It is hoped that the Merchant Marine Commission, after securing statistics from all parts of the country, together with the opinions of those most conversant with the case, and by the authoritative statement of the conditions and needs of the American merchant marine, which they will thus be enabled to make, may suggest to Congress some positive scheme of legislation which will ultimately be effective in reestablishing American ships in the carrying trade of the world.

We are told that years ago there was an American merchant marine of which any nation might be proud; more than that, that it was the greatest commercial fleet in the world; yet it takes all the faith, of which most of those who have watched it for the past twenty years are capable, to believe that statement; and there are those, principally foreigners, who try to say that the Americans are not a maritime nation, and who use that argument as an explanation of the decline of interest in American shipping.

## MUST PAY AS AN INVESTMENT.

It is an axiom in business that an enterprise that does not attract capital is a poor investment; no amount of argument on earth could demonstrate otherwise; and in spite of all the theory that can be advanced there remains the fact that capital is being withdrawn from American shipping, with the inevitable conclusion that it does not pay.

Conversely, if it were a paying investment, the most adverse circumstances and the greatest difficulties could not prevent the attraction of capital in its direction. It is not the difficulties to be overcome that determine men in attempting a venture; it is the probability of success and the reward.

Once make the shipping business worth while and there is no question whatever as to its fate.

Herein lies the explanation of the decline of American shipping; it is not because the Americans are not a maritime nation, but because they are not enabled to compete with the foreigners in the carrying trade of the world, and are compelled to withdraw from the business.

Your Commission has visited all the principal ports in the East and has now an opportunity of viewing the commerce of the great Pacific. You can not fail to see in our Pacific coast ports what are the ships that are handling our commerce. If you could but extend your travels to foreign ports, where there would be no possibility of coasting trade diverting your attention, it would require no statistics to demonstrate that American ships played no part in the world's commerce.

It is calculated to humble an American's pride when he visits a large foreign port, teeming with vessels of all sizes and flying the flags of all nations, to see not one with the Stars and Stripes flying at her mast-head; and it is poor consolation to think that the reason for all this is not because his country has no foreign commerce, but because the foreigner has run the American out of business.

If any American can go abroad and see these things without deprecating them; if he can come home and ignore their significance, he has no pride of this country. In most men, they would stir up a feeling that any means would be warranted in placing the American flag again upon the high seas.

## AMERICA A MARITIME NATION.

The United States is a maritime nation; the Americans are adapted to maritime pursuits, as much as any nation on earth, and there is no reason why they should not at least carry their own commerce, if not that of other nations.

It is weakness to point to the difficulty or to the expense of building up a merchant marine; and it is poor logic to attempt to prove that the reestablishment of this industry would not benefit all parts of the country.

It is an exception where an undertaking begins to pay from the start out; in most cases money has to be put into a project for some time before it begins to pay, but the man who lacked the nerve to follow up his belief in an undertaking for this reason would deserve no returns.

If effective means be taken to build up the American merchant

marine no one with any foresight and understanding can fail to see the ultimate benefit to every branch of industry and every port of the country.

#### THE EXAMPLE OF THE NAVY.

A few years ago the United States had no Navy. It had been allowed to dwindle away until it was ridiculous as to its numbers and as to the character of its ships; nothing but its former greatness remained. The average American could see no advantage of having a Navy, and particularly to expending any money for one. It could not possibly benefit any part of the country except the seacoast, and if worse came to worst, a gun on a raft manned by American seamen could whip the world.

After the greatest possible effort Congress was induced to begin the rebuilding of the Navy. It was good fortune rather than good management that placed this nation in a position to meet the emergencies of war. By that time there was a Navy that answered the purpose; it would have been far different otherwise.

The achievements of the Navy during the war with Spain brought it to the appreciation of the nation, and it is to be hoped that its utility, demonstrated by the example, will be of lasting endurance.

But aside from that consideration is the practical one that the up-building of the Navy virtually started the steel shipbuilding industry of the United States.

The very existence of some of the American shipyards has been due to the encouragement offered by this Government work.

Who can say that this alone has not reacted to the advantage of the people?

#### EVERY TRADE IN SHIPBUILDING.

The building of a ship involves practically every trade and nearly all of the materials and manufactures in existence. The work employs great numbers of mechanics of the highest skill and draws its materials from all parts of the country. How far-reaching its influence is can not be appreciated by those not familiar with its character; but it may be stated that there is no industry in existence which reaches a greater number of people and distributes its business more widely than that of shipbuilding.

Practically all of the large shipbuilding now being done in this country is on Government vessels. In fact, it is questionable whether any of the large yards now in operation could continue, certainly not at their present magnitude, if it were not for the liberal policy of the Government in building naval vessels, and the sudden cessation of that policy could not be regarded otherwise than as a calamity to the country.

It requires large and very expensive plants to build war vessels, and if nothing be done to aid the merchant marine which would have the effect of aiding the shipbuilding industry the fate of this also would be a serious question, for it is not reasonable to suppose that the building of Government vessels can continue indefinitely.

No shipyard could think of laying down a plant for the purpose of building one war ship, or for the purpose of war-ship construction alone, even if there were a probability of a continuance of such a policy for some time.

The United States required war ships. A number of shipyards have, at a great expense, put in plants for this work, and the Government has been able to secure the ships that it needed, and not only that, but good ships—ships that are recognized the world over as the best in workmanship and efficiency.

There is a certain responsibility, therefore, on the part of the Government to back up these shipyards at the present time, before the utter cessation of Government work, by such provisions as will enable them to continue on merchant work until the time when they can successfully compete with foreign builders and the shipbuilding industry is firmly established in the United States.

#### SHOULD BE A GREAT INDUSTRY.

There is positively no reason why shipbuilding should not become one of the greatest industries of the country. There are the raw materials in abundance; there is machinery; there is ingenuity, energy, and capital; absolutely the only thing that is lacking is sufficient work to develop its possibilities.

It is a fact that it costs in the neighborhood of 50 per cent more to build ships here than in England, depending, of course, upon the type of ship considered; but this does not mean to say that such would be the case indefinitely. England has been building ships under the most liberal policy of that Government for many years, and American yards have never had an equal opportunity of demonstrating what can be done on a similar basis.

Drawing a conclusion from many parallel cases, it may confidently be said that when American yards have been operating even a portion of the time that English yards have been they will be able to build ships equally as cheaply, if not more so.

It can not be expected, within any reason, that the spasmodic work that has been done so far could have any effect whatever toward cheapening such construction; but once enable the shipowner to lift the handicap of the greater cost of his ships built in this country, thus assisting in creating a demand for ships and putting into our shipyards continuous work for a few years, and the cost of shipbuilding will decrease.

If it be expected that any one act on the part of the Government will either reestablish the merchant marine or reduce the cost of shipbuilding at once, then there is no use in attempting a solution of the problem. Such changes can only come about gradually, but they are sure if handled intelligently and with a steadfast determination in the right direction.

It is only when, by continuous work, construction reaches the point of manufacturing that any material reduction of cost can be secured. Spasmodic work tends rather in the other direction.

A large and expensive shipbuilding plant, the same as a large and expensive ship, entails certain fixed charges for interest, insurance, maintenance, upkeep, and deterioration, and must be maintained in continuous operation in order that the influence thereof upon the cost of its product may be reduced to a minimum. This is a simple and automatic way of accomplishing this result, but in addition, a large amount of continuous work gradually collects a corps of mechanics skilled in certain lines, systematizes all operations, standardizes the detail parts, permits the introduction of special tools, the numerous



duplication of parts, the specializing of the branches of the different trades, and the highest development of mechanical ingenuity in simplifying design and construction.

MANUFACTURE INSTEAD OF BUILD.

It is these conditions that enable the English shipyards to build cheaply and rapidly. They manufacture ships instead of building them, and when this is the case it is even possible, by careful management, to meet the serious handicap of higher wages.

This fact is exemplified in several well-known instances where industrial work in other lines, differing but little from that of ship-building, has been carried on successfully in competition with foreign builders; but one has only to go through the shops in which this work is turned out to understand how it is done.

The American shipyards have never had an opportunity of developing the methods which conduce to cheapness; give them the chance, and there is positively no question of the result.

If, therefore, foreign nations find it advantageous and necessary to aid their shipping, taking into consideration the fact that their ships cost them less in the first place, then all the greater is the reason for aiding the American shipowner if he is to enter the same field of competition.

As to the methods of aiding American shipping, it may be said that the worse the malady the more strenuous must be the measures adopted for its cure.

A STRENUOUS REMEDY NEEDED.

The American merchant marine is in a desperate condition, and desperate means would be fully warranted to place it on its feet.

Halfway measures would be utterly wasted; a thousand dollars put into some projects would be a dead loss, where two thousand would bring handsome returns.

What is needed now is something that will go beyond the limit of bare necessity in order to be sure of accomplishing the result. It is not good policy to take chances in this matter, which is of the greatest importance to the entire nation and to every individual thereof; nor is it good business in such straits as we now find ourselves to attempt to invent something new. We need a certainty, not even a probability.

We have a chance to win out on the proposition of establishing the merchant marine on an equal footing with our competitors; and it must be borne in mind that delay only makes the problem more difficult by strengthening them and weakening ourselves. There is no time to waste in experimenting.

We can not do better than to employ the same weapons that others have used with such success. Their methods are sure, even if we do not consider them logical. They may be expensive, but they will prove a good investment.

Our competitors are in the field with large ships, fast ships, ships that will cost us more money to duplicate and more money to operate; large fleets of ships with well-established lines of business, and ships that are subsidized in every imaginable way.

From a business standpoint the only logical way to proceed is to go straight to the adoption of the same system, and to go far enough to insure the growth and advancement of our merchant fleet.

With a fair chance to compete on equal lines, we may safely depend upon the energy and genius of American shipowners and American shipbuilders to work this problem out successfully; they have done it before and they can do it again. By a judicious apportioning of subsidies the benefit can be made to reach all classes of shipping engaged in foreign commerce. It is not possible to make one subsidy reach all and the attempt to do so would not succeed; rather should there be one that could be reached by any one class. Foreign nations subsidize in several ways, and in many cases one line of ships receives subsidies on more than one account.

#### A SUBSIDY TO REGULAR LINES.

What is needed at once is a subsidy that will aid in establishing or maintaining regular lines to foreign ports, either where the greatest amount of our commerce is going or where a good trade may be built up. There should also be subsidies for speed vessels carrying the mails, for the mails will always be carried by the fastest vessels; subsidies for vessels suitable for auxiliary cruisers in time of war, and subsidies for vessels so fitted as to be suitable for transports of men and animals in the Government service at other times. The establishment of regular lines of vessels on fixed routes is the only way in which a trade can be built up and this can best be directed by the General Government; if, indeed, it is not the only way in which it can be done systematically. It is possible even, for one or two adequately subsidized vessels in a line to enable the owners to put in a fleet of vessels which, though not subsidized, hold and handle the growing trade induced by the regularity of the line and its direct routes to certain ports.

One of the noticeable effects of ship subsidies is to change the character of the ships as to their safety, efficiency, seaworthiness, and comfort. Where expenses have to be cut down to a minimum in order to operate without loss it can not be expected that the highest class of vessels can be used, and the ultimate effect of such conditions must show itself in the character of the ships themselves, for the value of the ship is an actual item in its daily operating expenses.

#### AN EFFICIENT NAVAL RESERVE.

It has been demonstrated that merchant vessels can be made effective as an adjunct to the Army and Navy in time of war, not only as auxiliary cruisers, but as transports, dispatch vessels, repair ships, supply ships, and colliers; but, generally speaking, they are a long way from being suitable for the purpose, and cost too much and require too much time to prepare them so that they will answer the purpose.

Yet it is possible in the original construction of a merchant vessel to make such provision for her conversion to war uses as will entail a minimum of expense and particularly of time.

Consider what a powerful resource the Government would have with a sufficient number of merchant vessels, subject to call under pre-arranged agreements, ready for immediate conversion in accordance with plans laid down at the time of their building, and on file in the Departments at Washington; to which their construction is thoroughly adapted without any subsequent preparation or extensive changes, and with the expensive part of the work already completed. And then consider the time when these vessels are returned to their former serv-

ice without all of the work to do over again, duplicating the expense and more than duplicating the time of conversion.

Examine some of the subsidized naval reserve vessels of England or Germany, with gun foundations already to place and secure a battery of guns; with decks already provided for the reception of those fittings necessary to convey troops or horses; with coal bunkers and decks already arranged to give protection to the water line; and with thorough and efficient subdivisions and water-tightness.

It is possible to go even farther in many ways than these nations have gone and to so build a merchant vessel that she will make a very efficient auxiliary cruiser, while at the same time not in the least interfering with her efficiency in her regular service.

If this be not done it will certainly be necessary for the Government to build ships particularly designed for the same purpose, and Congress has already begun to appropriate for the construction of vessels on this line, for the ordinary merchant vessel is not capable, with any reasonable expense, of being converted into anything like what it should be for war uses.

So that from a standpoint of economy alone, the Government should be more than willing to pay the shipowner for building his ship to suit its needs and to hold her in readiness for its uses when required, particularly if by so doing it thereby takes an important step in aiding to build up the merchant marine.

#### THE COSTLY TRANSPORT SERVICE.

Representative MINOR. Mr. Hibbs, you are conversant with the purchase of transports by the Government at the breaking out of the Spanish war?

Mr. HIBBS. Yes, sir.

Representative MINOR. You knew the character of the vessels, etc.?

Mr. HIBBS. Yes, sir.

Representative MINOR. Did you ever consider how much the Government lost by the purchase? Of course, we were a customer in the market for goods, and we had to have them; that is all there was to it. We had to have vessels, and we were a hasty customer as it were. Did you ever consider how much money we lost by the purchase of those transports?

Mr. HIBBS. I never summed it up, but I think we got them pretty easily considering the circumstances. We could have been held up a great deal worse than we were.

Representative MINOR. It is your judgment as an expert that we paid more than we ought?

Mr. HIBBS. Yes, sir.

Representative MINOR. And more than we would have had to pay if we had had time?

Mr. HIBBS. No doubt; the conditions were such that we had to buy them.

Representative MINOR. That is my view. Now, in the operation of those transports, is it not your judgment that they could be operated by private corporations and individual owners at a less price than it has cost the Government?

Mr. HIBBS. Yes, sir; I have been of that opinion for years. I know all about that. I know absolutely that that is the case. I can answer that question.

## NOT NEEDED IN TIME OF PEACE.

Representative MINOR. Do you believe that there is any necessity for the Government to continue to operate these transports in time of peace?

Mr. HIBBS. No, sir; I do not.

Representative MINOR. If the Government should discontinue them it would distribute among our private vessel owners a matter of ten or twelve million dollars annually.

Mr. HIBBS. And in my judgment it is not a good business for the Government to be in. In my opinion those ships are not being operated economically. They are not being taken care of as they would if they were in a private line.

Representative MINOR. I judge that is true.

Representative SPIGHT. Mr. Hibbs, do you think that the Government could secure the service as cheaply as it is getting it now, or more cheaply?

Mr. HIBBS. Yes, sir; I do.

Representative SPIGHT. You do not think there would be danger that the Government would be held up in the matter of contracts?

Mr. HIBBS. No, sir; I have no fear of that whatever.

Representative SPIGHT. I see the force of your position; and arguments have been made by others in favor of that policy. The only point in my mind is as to whether it could be done as cheaply or not.

Mr. HIBBS. If I understand your question, you ask me if the ships could be operated as parts of private lines—

Representative SPIGHT. Yes, sir.

Mr. HIBBS. As cheaply or more cheaply than if operated by the Government.

Representative SPIGHT. That was my question.

Mr. HIBBS. Yes, sir; I am positively of the opinion that they could.

Representative MINOR. And there would be no special danger of the American owners putting up exorbitant rates, because if we enacted that sort of a statute we could make the same provision that was made in the statute passed at the last session of Congress, that the President might under those circumstances suspend the operation of the law.

## REGULAR LINERS MORE ECONOMICAL.

Mr. HIBBS. The difference in the cost of handling those ships would come in the detail, in the economy of their everyday service, and it would make a great deal of difference. I think that anyone who has been on board an ordinary liner or a merchant vessel of any kind, and has seen the way in which she is handled, the way she handles her cargo, the way she has her men distributed, and all that kind of thing, will be struck with the difference in cost if he goes on board one of those transports. I may say that I have been of the same opinion for a good many years, both in the naval service and outside of it.

Representative HUMPHREY. Have you given sufficient study so that you could state, approximately, what difference there is in the cost of handling Government supplies in transports and by private ships?

Mr. HIBBS. I could not answer that. I could not state any figures, Mr. Humphrey.

Representative HUMPHREY. Could you give, approximately, the difference in cost?

Mr. HIBBS. No, sir; because the cost of handling the goods in the transport service must bear its own proportion to the general running expenses of the ship. It must be more than simply putting them on board and taking them out.

Representative HUMPHREY. You are satisfied that the cost is greater?

Mr. HIBBS. Oh, yes; I am positive of that.

Representative MINOR. Hobson rendered a good service to one of them, I think, when he sunk her off Santiago.

#### ADDITIONAL STATEMENT OF FRANK WATERHOUSE.

Mr. WATERHOUSE. The Government is operating one of those transports—the transport *Dix*—almost exclusively between Puget Sound and Manila. The *Dix* is exclusively a cargo boat. The Boston Steamship Company has had a contract with the Government for the last three years to carry all the surplus cargo that the regular army transports could not carry between Puget Sound and the Philippines. From the War Department statements—the Quartermaster's own report—if we had performed the service with our steamers at our contract rates during the last two years that the *Dix* performed it, if we had carried all the cargo that she has carried, the Government would have been saved approximately \$150,000.

Representative HUMPHREY. What per cent, do you know?

Mr. WATERHOUSE. I can not tell you that offhand, Mr. Humphrey, but those figures are correct. I think the exact saving was either \$147,000 or \$157,000. The *Dix* has been operating in competition with our boats. For every ton of cargo that she is carrying she is virtually running as a competitor. The Government is operating her as a competitor with the American commercial steamers from Puget Sound to Manila.

I think I can show you that we can carry cargo cheaper than the *Dix* for this reason, if no other. On the *Dix* there is no return cargo from the Philippine Islands. All her cargo is one way. We could not begin to operate our line under any circumstances if we took cargo but one way. Now, we carry cargo both ways. Our average earnings east bound are fully as much as our average earnings west bound. Of course, that is bound to tell in the cost.

Representative SPIGHT. In that way you are able to carry cheaper than the Government?

Mr. WATERHOUSE. Certainly; we carry cargoes both ways.

#### WHAT MIGHT BE SAVED.

Representative SPIGHT. If I understand you correctly, Mr. Waterhouse, the Boston Steamship Company could have saved the United States Government \$150,000 in two years by carrying the cargoes that have been carried by one vessel alone?

Mr. WATERHOUSE. Yes, sir; I believe that is exactly true.

Representative SPIGHT. One Government vessel alone?

Mr. WATERHOUSE. One Government vessel alone.

Representative MINOR. What is the freight charge on a ton of ordinary freight from Puget Sound to the Philippine Islands?

Mr. WATERHOUSE. In the period when the Government was the carrier?

Representative MINOR. Yes; the Quartermaster's Department rate?

Mr. WATERHOUSE. It is \$5 a ton now. The commercial rate is the same.

Representative MINOR. How is it that the Quartermaster-General says he saved the payment of \$8 a ton by shipping from some other point, when he can get a carrier from here at \$5 a ton?

Mr. WATERHOUSE. I do not quite know what he did say. For several years, last year and the year before, our Government rates were \$4.25 a ton. The commercial rates were \$5 a ton. We carried thousands of tons of cargo for the Government at 75 cents a ton less than the commercial rate. On lumber our rate to the Government was \$10.50 a thousand, and the commercial rate was from \$12.50 to \$14 a thousand. So they had a minimum advantage during those two years over the commercial rates on lumber of \$2.50 per thousand and a maximum advantage of \$4 per thousand.

Now, this year when we came to make our tender we decided that the Government ought to pay us just as much as our commercial customers pay us. When we submitted our bids they were at first objected to by the War Department, but finally they were accepted, and they are on the basis of the commercial rates at the present time.

As far as the companies I represent are concerned, we would be quite willing to-day to bind ourselves to give the Government the ordinary commercial rates, or even 10 per cent less than the current commercial rates, for the next ten years if it would divide its transport business fairly between all American steamers on the Pacific that are running in regular lines to the Philippine Islands.

Representative MINOR. We are very glad to get that statement, Mr. Waterhouse.

#### STATEMENT OF EDWARD ROSENBERG.

Edward Rosenberg appeared.

The CHAIRMAN. Mr. Rosenberg, am I correct in assuming that you are international organizer of the Pacific Coast Seamen's Union?

Mr. ROSENBERG. I am a seaman and fisherman, at present serving as the organizer of the International Seamen's Union of America.

The CHAIRMAN. You appear in the interest of the seamen?

Mr. ROSENBERG. Yes, sir; including sailors, firemen, stewards, bay and river men.

The CHAIRMAN. For the information of gentlemen present, I will state that this Commission is charged under the statute not only with inquiring into the rehabilitating of the American merchant marine, but also to hear testimony concerning the condition and needs of the American seamen, with a view of bettering their condition, if it shall be deemed necessary to legislate in that direction. Now, Mr. Rosenberg, you will proceed.

Mr. ROSENBERG. Mr. Chairman, I submit the following paper:

*To the Congressional Merchant Marine Commission:*

GENTLEMEN: The undersigned seamen, desirous of aiding the committee's investigation as to the best method to be taken by Congress to bring about the rehabilitation and growth of the American merchant marine, submit the following:

We believe that true and permanent growth of the United States merchant marine can only be had if the personnel of such marine finds in the conditions of employment on board of merchant vessels condi-

tions like, or nearly like, the conditions of employment for labor on land of like, or nearly like, skill or grade.

If the conditions of employment on board of American merchant vessels are worse than the conditions of labor of like grade on shore, native American workmen will prefer to stay on shore, and workmen coming to our shores will, as soon as they learn of the difference of such conditions of employment, seek work on land.

No industry can hold its own with other industries of a country if its best workmen continually leave for the better conditions existing in other industries.

And this is just what has happened for the last fifty years in the United States and still continues in the foreign trade.

With the great development of the great resources on land which the United States possesses and which had its greatest period of growth during the last fifty years, labor had, and still has, on shore better opportunities than on the sea, and naturally left the latter.

#### DISSATISFIED CREWS.

With few native Americans taking to the sea for a living and the foreign seamen quickly leaving American vessels for land vocations, our American vessels became to be manned in the main by men who quickly became dissatisfied and were but temporary employees of that industry. The inevitable quickly followed. Capitalists sustaining loss after loss as the result of inefficient and dissatisfied labor, transferred their money to better paying enterprises on land.

Wise legislation at the right time, giving to seamen the same rights and opportunities as the workers on shore had, would unquestionably have stopped this downward tendency. But the seamen found no spokesman at this critical period. The ship owners suffered losses, and instead of looking for the true causes, they pressed harder and harder on the seamen, who, as wards of the nation, were really treated as the slaves of the nation, for while after the passage of the thirteenth Amendment to the Constitution the negroes were freed from slavery, and no workmen on land could be imprisoned for refusing to labor, except as punishment for crime, the seamen in law remained involuntary servants. If they quit their vessels before the expiration of their labor contracts or refused to join the vessel after once having signed a labor contract, they were, without trial, thrown into jail, held there until the vessel was ready to proceed, when, like slaves or criminals, they were placed in handcuffs aboard ship, or, in favorable cases, were committed to jail for a lengthy term. Having the status of slaves, they received while at work the treatment of slaves. They were cruelly treated, they suffered corporal punishment, were overworked, underfed, underpaid, so that the term "American hellship" was a common saying among the seamen of the world, and only the hard-up and shanghaied seamen could be found on board American foreign-going vessels.

#### THE FIRST IMPORTANT STEP.

We believe the first and most important step to be considered and taken is the bringing about of conditions on board American vessels that will induce Americans to seek employment on same, and which will retain foreign seamen who come to our shores. Fortunately for the American merchant marine, the American seamen since 1885 organ-

ized for self-protection and improvement, found in due time their voice, which the country and Congress at last heeded. In 1895, and more fully in 1898, the barbarous laws relating to seamen were repealed, so that in American ports and ports of nearby foreign countries American seamen could quit work without fear of imprisonment; from the captain and mates was taken the power of corporal punishment of seamen; from the crimps the right to rob seamen of their wages through the payment of advance wages. A better food scale was provided, and other beneficial provisions for the seamen were enacted. Thus a start for reform at the right place was made, the merchant marine, both employers and seamen, quickly reaping the benefits in having at the present time on the Atlantic and Pacific coasts and the Great Lakes, in the home trade, the best seamen that the industry has seen since the decline of American shipping began. The foreign trade has so far felt but little beneficial results, as it will, by the nature of this trade, take many years to retake it from other nations who saw their opportunities and used them.

Improvements in the present laws applying to seamen are needed to safeguard and advance what has been gained of late.

#### WATCH AND WATCH AT SEA.

A bill, H. R. 13771, was introduced March 11, 1904, in the House of Representatives, the passage of which will greatly aid in the rehabilitation of the American merchant marine. We urge its passage by Congress. The bill in the main provides for watch and watch at sea, for better forecastles; surer punishment of officers for brutality to seamen; stricter regulations against the advance of wages; for an increase in the food scale, from 1 to 2 ounces of butter, from 4 to 5 quarts of water per day per man, and for a manning scale.

Watch and watch is needed because many deep-water captains still practice the custom of keeping both watches on deck during the day, though the crew has to keep watch and watch at night. This is a great hardship on the men, and often causes the loss of the vessel, exhausted nature forcing sleep, and the watch on deck asleep or half asleep neglecting to notice danger, which is ever lurking on the ocean.

#### LARGER FORECASTLES.

The present space for forecastles, the place where seamen sleep, eat, stay during their few moments of leisure, and keep their clothing, is entirely inadequate for decency and health. We ask for a space that gives to each seaman not less than 100 cubic feet and not less than 16 square feet—certainly as small a place as men, even at sea, should be requested to squeeze themselves into for living purposes.

In deep-water vessels the old custom of corporal punishment is still resorted to by some officers, hence the request for better laws to reach such offenders.

The crimps, the land sharks that prey upon the seamen between terms of their employment, still manage in some instances to defraud the seamen of their well-earned wages. Therefore stricter prohibition against the advance and allotment system will be of advantage to the seamen.

#### MORE WATER AND BUTTER.

The food scale for seamen provided by the law of 1898 is in the main sufficient, but 4 quarts of water per day per man has been



found too little. It is not enough for cooking and drinking purposes, especially in warm weather. Our work as seamen is arduous, and our sea diet in the main consisting of salt meat and salt pork, the lack of water to drink is a great hardship, which we ask to be remedied and which can be done with very little cost to the owner of the vessel. The increase of from 1, the present allowance, to 2 ounces of butter per day is asked, because 1 ounce of butter per day, 7 ounces per week, has been found by practice to last, after the rations are given out, but for from three to four days. Unfortunately, often the canned meat provided is of the kind that can not be eaten without injury to health, especially in warm weather, cheap canning processes having spoiled the meat. Lack of butter in such cases is very much felt at mealtimes, the crew, when the meat is spoiled, being compelled to make a meal of a few potatoes, dry biscuit or dry bread, and tea or coffee.

Many vessels at present are undermanned. This causes overwork to the men and often the loss of the vessel and of life. A manning scale, as provided in the present bill, will materially improve conditions on board vessels.

The before mentioned and the other provisions in the bill all make for a better life on board ship for the seamen, without any, or only normal, cost to the owners.

#### THE PRAYER OF AMERICAN SAILORS.

We are trying, in the main, to tear off old shackles, scrape off old barnacles with which the dark ages of mankind have burdened those who work the ships from land to land, from clime to clime.

Our prayer to you, gentlemen of the Congressional committee, is to aid the seamen in that endeavor—to aid us to become free men in law and in fact, to have opportunities, the treatment of free men. If that reform is brought about, then the term American hellships will become to seamen a nightmare of the past. Then all American ships will be manned by seamen who will honor and stay with their profession, setting aside the luring call of the land. And then, and only then, will the foundation have been laid for a true and permanent growth of the American Merchant Marine, whose seamen will proudly carry the Stars and Stripes over all the oceans and to all parts of the world in the peaceful pursuit of commerce, and who in times of the country's danger from foreign foes will rally as one man to the country's defense and carry our flag to victory and glory.

Very respectfully, yours,

ED. ROSENBERG, A. B.,

J. HENRIKSEN, A. B.,

P. SHIPMAN,

*Bay and River Steamboat Man,*

J. CUMMINGS,

*River and Bay Steamboat Man,*

P. B. GILL, A. B.,

R. POWERS, *Marine Cook,*

JOHN CARNEY, *Marine Fireman,*

F. S. CROSBY, *Marine Cook,*

*Members of the International Seamen's Union of America.*

SEATTLE, WASH., July 26, 1904.

The CHAIRMAN. Mr. Rosenberg, have you been actively engaged as a seaman of late years?

Mr. ROSENBERG. I made a trip last year from Vancouver, British Columbia, to Shanghai in an American lumber vessel as an A. B.

The CHAIRMAN. Have you been on ships of other nationalities than those of the United States?

Mr. ROSENBERG. I have sailed in Russian vessels, British vessels, Danish vessels, Peruvian vessels, and American vessels.

The CHAIRMAN. What have you to say as to the relative comfort and convenience of the seamen on the vessels of different nationalities?

Mr. ROSENBERG. The coastwise vessels of the United States, since the reforms enacted by the laws of 1895 and 1898, are superior as far as accommodations, treatment, and wages are concerned, to the vessels of any other nation. As far as American deep-water vessels are concerned, in the steamers trading between the Pacific, as has been stated to your Commission, the seamen are Chinese, receiving the treatment of Chinese. A number of steamers crossing the Atlantic ship their crews in British ports at British wages and under British conditions. In American deep-water vessels, sailing vessels, the conditions of food are, I believe, slightly better since the passage of the food-scale law than the conditions on some of the better regulated other nations.

The CHAIRMAN. As a matter of fact, do you know of any other nation that gives as liberal a food scale as the United States?

Mr. ROSENBERG. The German food scale and the Danish food scale are pretty good, and a great reform has been accomplished in the last year in the British food scale, bringing them up, I believe, almost to our food scale.

Representative MINOR. Especially the Danish?

Mr. ROSENBERG. Yes; the Danish.

The CHAIRMAN. In your paper you call attention to what has been presented before to the Commission at several of the Atlantic ports—the inadequacy of the space allowed to seamen. How does the space on American compare with that on foreign vessels?

#### AMERICANS EXPECT MORE.

Mr. ROSENBERG. It is about the same. Of course the conditions on shore for the American workman are better, and naturally on board it is contracted as looked at by the conditions on shore. Seamen usually turn their hand to any work. Naturally they are jacks of all trades on board ship. The nature of the calling compels them to be such.

The CHAIRMAN. In the matter of water supply, which has likewise been complained of elsewhere, the difference to a vessel would be, I suppose, that a larger space would have to be given to that particular commodity. Am I correct in that?

Mr. ROSENBERG. Yes, sir. The difference would be instead of 4 quarts 5 quarts per day. The increase would be in the space of 1 quart of water, what 1 quart will take up.

I wish to say that it is a great hardship. I have been away from the sea since 1893. I worked as a fisherman, longshoreman, and acted as officer of the labor organization, and I had occasion to observe rather closely, having been away so long, the conditions as they are. When I made the trip from Vancouver to Shanghai the canned meats,

for instance, were only eatable in cold weather, and then caused a certain amount of distress. In warm weather they were utterly unfit for food; none of us could eat them. Then the salt meat was the only thing that we could fall back upon, and unfortunately the storehouse had been fouled by cheap food, and that meat was pretty bad, too, and we had to fall back on sugar, butter, molasses, etc. We found the 7 ounces of butter per week very little. We thought an increase to 1 pound would help us out in such emergencies very much.

As far as the lack of water is concerned, we got for six men in the forecabin one bucket of water, and we had to have it measured out to us in the morning by the carpenter. It contained about 2½ gallons of water. In warm weather we had that bucket usually finished by evening, and sometimes by the courtesy of the carpenter and sometimes by the courtesy of the captain and sometimes by our own courtesy during the night we got enough to drink.

The CHAIRMAN. Is the bill you call attention to the Livernash bill, so called?

#### THE RIGHT TO QUIT.

Mr. ROSENBERG. Yes, sir. I should like to call one other fact to the attention of the Commission. We seamen want to have the same rights to quit in a safe port as the men on shore have to quit their employment irrespective of loss to property.

The CHAIRMAN. But do not seamen make a contract not to quit?

Mr. ROSENBERG. The seamen in the home and nearby foreign trade engage themselves for a certain period of time. They can quit, but they lose their money for quitting. Their body is not held now as in the past for the enforcement of a contract for labor. In the foreign-going trade the restriction still remains to the extent that upon the discretion of the magistrate seamen deserting an American vessel in a foreign port might be imprisoned from one to three months.

I had business to attend to in the Orient. I wanted to leave from Shanghai, and, fortunately, I had a very good captain. I went to him and explained my business, and I went to the American consul and secured my discharge, although I was fully determined to take my month or so in jail to get rid of the vessel.

Now, there were plenty of seamen ashore. The captain said "all right, Ned"—the captain called the seamen on board by their first names—"if you can get me a man in your place you can go." When I went ashore in ten minutes I could have had 20 seamen to take my place. I got paid off, and thanked the captain and the consul, although I felt that as an American citizen I should have had the right to quit the vessel, losing certain financial considerations in wages, for instance, if I chose to quit, but that the vessel had no right to my body.

I wish to impress on the Commission that the American seamen want to have the same right to quit a vessel in some port as any other men on shore. We do not claim the right to quit a vessel at sea. We hold that to quit a vessel at sea endangers life and property on board ship, and in the bill we propose to provide strict punishment for any seaman refusing to work on board ship at sea.

The CHAIRMAN. Do you claim that if a seaman voluntarily enters into a contract to make a round trip he ought to be permitted to leave at a foreign port?

## YIELD WAGES, BUT AVOID IMPRISONMENT.

Mr. ROSENBERG. We only claim the same rights that other American citizens claim, to quit the work if we enter into a civil contract which is a contract for labor, and it only ought to be that, not a penal contract. If we are in a foreign port we claim the right to quit, if we are willing to stand our loss in money, but not bodily punishment; that is, being put in jail.

We thought that the thirteenth amendment of the Constitution, an amendment that the seamen of the United States had something to do to bring about, ought to have protected us from that, and Congress was appealed to. In 1895 and 1898 Congress liberated the seamen in home ports but never in the foreign trade from those conditions. There is no use of the tenacity of the old law, the State imprisonment clause, in the foreign trade.

Representative SPIGHT. You have no complaint to make of a forfeiture of wages?

Mr. ROSENBERG. No, sir.

Representative SPIGHT. The only objection you have to existing conditions in the deep-sea trade is that they still punish the seamen by imprisonment?

Mr. ROSENBERG. Yes; and there is another thing attached to that. While we may be imprisoned for quitting the vessel, when the vessel in the foreign trade wants to get rid of us it is very easy to do it, by making the conditions so onerous that we are willing not only to leave one, two, or twelve months' wages behind, as is proven in every foreign port of the world where an American or any foreign sailing vessel treats the men so that they will leave all the way from one to twelve months' wages behind, because the condition of the work is such that no money would compensate them for staying longer.

## WATER SUFFICIENT ON STEAMERS.

The CHAIRMAN (addressing Mr. Waterhouse). Mr. Waterhouse, I do not wish to ask you to make any statement that you hesitate to make, but I think the most persistent point the seamen have urged upon this Commission in the line of what they call a grievance is the water supply, holding that one gallon of water per day for their various needs is quite inadequate. Would you be willing to make any statement on that point? I have not asked any gentleman connected with the shipping interests to do so heretofore, and I will not press it upon you at all if it is distasteful.

Mr. WATERHOUSE. I would have no objection at all to giving my opinion in that regard, but I think it would be of little value to you. I am not familiar with that particular condition. That complaint has never been made to me as a manager of a steamship line by any of the sailors we have ever employed. So I am not really qualified to express any opinion in regard to it.

Representative SPIGHT. What is the regulation of your line as to the supply of water?

Representative MINOR. That is what I was going to ask.

Mr. ROSENBERG. I think I can answer. In steamers we do not complain about the lack of water. We have enough of it. It applies to sailing vessels. That is because they can condense water very readily on board steamers.

The CHAIRMAN. I thought the complaint applied to all classes of vessels.

Mr. ROSENBERG. Sailors on board steamers never lack water. In sailing vessels they not alone do not have water enough to drink, as I said to you, gentlemen of the Commission, but at sea, while there is no dust flying from the road, some how or other we get pretty dirty in our hands, faces, and bodies, and unless we are fortunate enough to get rain and catch a little water in some few old casks they usually try to get in the vessels, we are for weeks without a drop of water, so to speak, to wash ourselves, and the salt and dirt just crusts on us and brings about conditions of sickness and vermin, and so forth.

The CHAIRMAN. Mr. Rosenberg, the Commission will take into consideration the various points you have presented.

SEAMEN DESIRE AMERICAN SHIPS.

Representative MINOR. Let me ask just one question.

The CHAIRMAN. Certainly.

Representative MINOR. On general principles, I suppose your union is favorable to the building up of the merchant marine, if it can be done wisely and properly?

Mr. ROSENBERG. Our endeavor as seamen is to do all we can to have a large merchant marine.

Representative MINOR. Under the American flag?

Mr. ROSENBERG. Under the American flag.

Representative MINOR. Engaged in foreign trade?

Mr. ROSENBERG. Engaged in foreign trade.

Representative MINOR. Your union would support Congress in that undertaking?

Mr. ROSENBERG. According as we saw our rights were conserved in such an upbuilding. I wish to state to the Commission, in answer to your question, that the International Seamen's Union heretofore has opposed the ship subsidy bill—

Representative MINOR. I understand.

Mr. ROSENBERG. What is called the Hanna-Frye bill, because we believed there was an attempt to take away from us the few rights we had conquered through our agitation in the last fourteen or fifteen years.

Representative MINOR. Your Seamen's Union was quite urgent in opposition to that bill. Of course, what I mean is a wise and practical measure.

Mr. ROSENBERG. We are not opposing anything as seamen that would give us more work under favorable conditions.

RECESS.

Thereupon the Commission (at 12 o'clock and 30 minutes p. m.) took recess until 2 o'clock p. m., at which hour it reassembled.

STATEMENT OF JOHN ROSENE.

The CHAIRMAN. Mr. Rosene, are you the president of the Northwestern Steamship Company?

Mr. ROSENE. I am.

The CHAIRMAN. Between what ports do your ships ply?

Mr. ROSENE. Between ports in Puget Sound, principally Seattle, and ports in Bering Sea, via both the Alaskan and the Siberian side.

The CHAIRMAN. You are familiar, I presume, with the work that this Commission has in hand?

Mr. ROSENE. Yes, sir; in a general way.

The CHAIRMAN. The Commission will be pleased to hear any views you have to express.

Mr. ROSENE. I did not come here expecting to make any remarks; therefore, I have not prepared anything, and I shall be obliged to make my remarks general.

I know very well that the conditions which exist to-day make it impossible to operate American vessels in what is known as foreign trade. In England or Norway one can build a ship, a sailing vessel, or a steamship, and send her for a cruise of one or two or three years with a reasonable assurance of profit. As an average the shipping business has been profitable to these two nations, and therefore many ships have been constructed by them. Their vessels are usually manned by a crew from the home port, which remains on board the vessel and usually returns home with her at the expiration of the voyage; but you can not conduct shipping business in such manner under existing conditions from America with American ships carrying American sailors.

It will be for you, gentlemen, to find a remedy for the existing conditions, by comparing the conditions that make shipping profitable to other nations with those that make it unprofitable to us. I am quite sure that the disease is not beyond cure. It is only a matter of finding the proper remedy, and when found not to hesitate to apply it.

#### TRADE TO ALASKA AND SIBERIA.

To show what can be done under reasonably favorable conditions, I take pleasure in calling your attention to the increase of the coastwise shipping business on the Pacific during recent years. For example: Eight or ten years ago the shipments from Puget Sound for ports in Bering Sea on the Alaska side were hardly worthy of notice. To-day there is quite a fleet of steam and sailing vessels going there. I expect that the tonnage leaving Puget Sound this year for ports on the American side of Bering Sea will be considerably in excess of 100,000 tons. This is a business that has sprung up and been created within the last few years, and I believe that the present tonnage is quite small in comparison with what it will be in a few years from now, after the construction of a few artificial roadways in the interior to aid those natural highways, the rivers, built by nature through that great country.

On the other side of Bering Sea there is an empire even greater in territorial extent than Alaska, and, as far as it is known from the explorations made in the delta of the river Lena and other parts of the territory, the mineral resources over there are undoubtedly as great as those of Alaska. That country is a part of the Russian Empire, and to develop it it will require exactly the same means as we are now using in the development of Alaska, viz, food supplies of all kinds, tools, machinery, lumber, etc. The bulk of these supplies must for many years come from some other country than the Russian Empire itself. The most natural point for them to come from is the

Pacific coast of the United States, and we have already commenced to supply them in a small degree by steamships that we are now sending from Seattle to Bering Sea points in Siberia during the open season of navigation.

The cost of transportation from Europe to any part of the maritime provinces in Siberia is very much greater than it is from Pacific coast ports on the American side.

#### OUR GREAT OPPORTUNITY.

Therefore, under the natural existing conditions, America will be practically sure of that business. It is in its infancy now, but I am quite confident that after the termination of the present war in the Far East you will see it grow with rapid strides, and we should be in a position to take advantage of these conditions as they arise, but unfortunately we have not got the ships, neither have we the conditions that would justify us in building them, and unless the conditions are changed it will be the same on the Pacific as on the Atlantic, and American goods exported to Siberia or the Orient will be carried in foreign bottoms. It will be many years before supplies can be transported profitably from Europe to points in Eastern Siberia, Manchuria, or China by rail, and the natural short water route is from the Pacific coast of America. At the present time a great part, perhaps the greater portion, of the manufactured articles used by those countries over there are supplied by Germany, and many of the big merchants of Eastern Asia are Germans by birth. This, in my opinion, is the result of the favorable conditions existing in Germany for the construction and operation of ships, but the distance from Germany to Eastern Asia is very much greater than the distance from Western America; therefore, I claim that the Orient business belongs to us, and would naturally come to us if we had shipping conditions equally as favorable as those of Germany or other European nations.

I think a great portion of the American people are naturally seafaring men, and it has been shown by Mr. Hibbs that we have built and are building good ships, but that we can not build them and operate them at profit under the conditions that exist.

I thank you, gentlemen.

#### AN AMERICAN LINE.

Representative SPIGHT. Mr. Rosene, how many ships have you in your line?

Mr. ROSENE. All told, six.

Representative SPIGHT. And all, of course, under the American flag?

Mr. ROSENE. All under the American flag.

Representative MINOR. I take it you are a very practical man. You have traveled a good deal and you are conversant with the conditions in Siberia, and perhaps farther down, in China and Japan?

Mr. ROSENE. Yes, sir; to a certain extent.

Representative MINOR. You think there is no difficulty in building up a trade over there for American products?

Mr. ROSENE. I know positively there is not.

Representative MINOR. Both manufactured and agricultural products?

Mr. ROSENE. Of manufactured, none whatever; of agricultural, none at the present time. But in time Manchuria and southern Siberia will become one of the granaries of the world, and when the transportation conditions become ripe there, they will be as great exporters of wheat, I believe, as we are on this side.

Representative MINOR. It will take some time yet before that result is reached?

Mr. ROSENE. It will take some time. In the meantime they need machinery and things that we can supply them. I know that if properly looked after it could soon be arranged so that business would go across the Pacific instead of around by way of the Suez.

#### OUR OWN SHIPS MOST ADVANTAGEOUS.

Representative MINOR. You think direct communication with this country would be much better in the development of that trade than to depend on a foreign tramp steamer to do it, that was here to-day and off to-morrow, making one trip this year, and it maybe never another.

Mr. ROSENE. Oh, yes; much more.

Representative MINOR. Direct communication with those countries with our own bottoms, under our own flag, would be more safe to the exporter, would it not?

Mr. ROSENE. Yes, sir; very much more.

Representative MINOR. If you were to establish a line from Puget Sound to any point across the sea, naturally you would have some one in charge at the terminal point over there, who would be an American?

Mr. ROSENE. Yes, sir.

Representative MINOR. And therefore interested in the prosperity of American trade?

Mr. ROSENE. Yes, sir.

Representative MINOR. You would have to seek for trade, and you would have your agents throughout that country, wherever you thought necessary, who would be drummers, if you please—

Mr. ROSENE. Yes, sir.

Representative MINOR. For American goods?

Mr. ROSENE. For American goods.

#### MORE SHIPS MEAN MORE TRADE.

Representative MINOR. Then it is not only to build up the merchant marine and to restore the flag to the sea that we should keep in view, but the expansion of the markets abroad for American products. Is not that the point?

Mr. ROSENE. That is the point. At the same time you will remember that the expansion of the markets and the commercial development of the Far East will be less valuable to us if it is to be carried in foreign bottoms.

Representative MINOR. If you establish a line over there you have got to have freight?

Mr. ROSENE. Yes, sir.

Representative MINOR. You will seek for freight?

Mr. ROSENE. Yes, sir.



Representative MINOR. Every pound of freight would be an American product?

Mr. ROSENE. Every pound would be an American product.

Representative MINOR. You take it, therefore, that it would not only benefit the shipowner and operator, but the producer?

Mr. ROSENE. I believe firmly that the development of the far east of Asia under favorable conditions will benefit American manufacturers very much; more especially if the business could be carried in American bottoms; because eastern Asia is a natural market for us and all the manufactured products that they import over there and that they will import for the development of their country should come from America, not from Europe.

#### THE BREAK IN THE CHAIN.

Representative MINOR. Here in this country in bringing our products to your coast from the interior over the route that we have come, through Minnesota, North Dakota, Montana, etc., you have a continuous line that Americans control?

Mr. ROSENE. Yes, sir.

Representative MINOR. And the freight comes very promptly to the coast?

Mr. ROSENE. Yes, sir.

Representative MINOR. But when you get out here to the coast there is a break in the chain, as it were, and you have got to depend on the other fellow, under the other flag, to convey the product brought here in that way to the consumer?

Mr. ROSENE. That is correct.

Representative MINOR. Now, if you had direct communication with your railroads that terminate here on the Sound—if you had ships, if you please, under the American flag, manned by Americans and controlled by Americans—you would have a continuous line?

Mr. ROSENE. Yes, sir.

Representative MINOR. One that not only the shipper could depend upon but that the purchaser, the consumer, could depend upon, and therefore get better dispatch, more progress in the shipment, and more care taken of the freight shipped?

Mr. ROSENE. Yes, sir. Furthermore, the Russian Government has built the longest railroad in the world by far—the Siberian railway. If a proper move is made from America there could be some very advantageous arrangements made with that Government, because they did not build that railroad of 7,000 miles just purely for the purpose of transporting soldiers. They built it because they had strong commercial reasons.

#### STATEMENT OF DOMINIC KANE.

Dominic Kane, of Bremerton, Wash., appeared.

The CHAIRMAN. Mr. Kane, will you state to the Commission in what line of business you are engaged?

Mr. KANE. I am vice-president of the Brotherhood of Boiler Makers and Iron-ship Builders of America.

The CHAIRMAN. You are, then, a boiler maker yourself by trade?

Mr. KANE. I am a shipbuilder.

The CHAIRMAN. The Commission will be pleased to hear from you on any matters that you have to present.

Mr. KANE. I have a statement here, gentlemen, if you will allow me to read it.

Representative MINOR. I should like to have you read it. We have heard some statements from boiler-makers' unions, one in the East and one in Chicago, and they were very much alike. I suppose that your paper is in conformity with those.

The CHAIRMAN. Proceed, Mr. Kane.

Mr. KANE. Mr. Chairman and gentlemen of the Merchant Marine Commission, among the members of the Mosely Industrial Commission, which only a short time ago visited the United States from Great Britain, was a Mr. J. C. Cummings, of the Iron and Steel Ship Builders and Boiler Makers' Society, who made a study of conditions in the United States in his trade. His report should help this Commission to understand why it is that it costs more to build ships in the United States than it costs in Great Britain. This extract from Mr. Cummings's statement should be of interest:

#### AN ENGLISHMAN'S COMPARISON.

"American workmen are greater feeders than the British; in fact, it is surprising the amount of food and food stuffs they manage to consume. Food stuffs compare favorably with our own—bread, meat, groceries, vegetables, and fruit being low, if not lower than in London; prices are certainly lower than in our north country cities and towns. House rent is dear, Americans insist upon more roomy dwellings than the general run of Britishers. The American mechanic generally lives in a six-room house, with hot and cold water and electric light. The average wages of time workers are 75 to 100 per cent higher in our trade in America than at home, and I am inclined to the opinion that notwithstanding the greater cost of outer clothing, house accommodations, and fuel, a careful, steady man could, while keeping himself, efficiently provide for several more in America than in England, food stuffs certainly being cheaper."

I am a representative of the American Brotherhood of Boiler Makers and Iron-ship Builders, an organization affiliated with the Federation of Labor, which latter is the largest trades' organization in the United States. We are able to verify what Mr. Cummings says, that we get about double the wages and live far better than Britishers do. The wages and the style of living of the men in our trade is on a par with the wages and style of living of other workmen in the United States. Our aim and purpose is to maintain our wages and conditions upon that plane. We find it more difficult to get employment at our trade because the ships that we would build for the foreign trade are not protected against the competition of foreign ships. Men in other trades fare better because they are protected against foreign competition. If our 40,000 members were willing to accept the wages that are paid in Great Britain in our trade—which they are not—it is doubtful whether the other elements entering into the cost of building ships could be adjusted to the same rate. In other words, I regard it as impossible to establish in a protective country a successful industry that is subject to the free competition of all the world.

## LABORS KEEN INTEREST.

The ships that we do build in the United States are built under protective conditions, and the wages and condition of the men employed conform to those of other protected trades. It will be impossible to say to the men employed in our trade that they must conform to foreign wage rates and foreign conditions of living in order to secure the building of the ships in the United States that are required for our foreign trade. They will decline the employment upon that basis. That explains why more than half of our members to-day are unemployed. Congress has not seen fit to protect the American-built ship, in competition with foreign ships, in the foreign trade. On that account American capital refuses to enter into American-built ships. Hence the men of my craft suffer. You must have noticed that American capital, to the extent of several hundred millions of dollars, has entered into foreign-built ships. There the investment is probably safe and profitable. So this is not so much a matter of finding employment for American capital as it is a matter of finding employment for American labor. Capital is in no distress for employment at a profit, even in shipping; but labor, in the United States, is in dire distress for the lack of employment in the shipbuilding industry.

## WHY TIN PLATE MORE THAN SHIPS?

We understand that your desire is to receive suggestions as to the method by which to build up our shipping in the foreign trade. We feel sure that it is your earnest desire to succeed in the mission that you have undertaken. You must realize that your success will mean more to the men of our brotherhood than it will to any other class of citizens in the United States—we bar none! I ask you, then, why is it not possible to treat foreign shipping that competes for our foreign carrying as you do foreign tin plates that attempt to compete with that manufactured here? Fourteen years ago we had no tin-plate manufacturing in this country, because it cost more to make it here than it cost to make it abroad. There was no doubt but that we could make it—the only obstacle was the cost. Now, we can build ships in this country—the only obstacle is the cost. In the matter of tin-plate manufacture Congress removed the obstacle to American production of tin plate; why can it not remove the obstacle to the building of ships?

You compelled the foreign tin plate that entered into competition with our own to bear a duty equal to the difference in the wages paid to foreign and American workingmen. Why can you not compel the foreign ship that competes with an American ship to pay a tax equal to the difference of her construction and operation in competition with an American ship? Why is the man who makes tin plate deserving of protection and the man who makes ships undeserving? That is what the Brotherhood of Boiler Makers and Iron Shipbuilders wants to know.

You have got to apply the protective principle to our ships in the foreign trade in order to build up American shipping in that trade. For reasons that we can not understand, Congress has endeavored to evade its plain duty to American shipping in the foreign trade. Congress has left our ships unprotected, while it has protected every other

industry that is subject to foreign competition. All of the other industries that are thus protected prosper—American shipping alone, which is unprotected, shrinks.

#### THE WORKER'S DEMAND FOR PROTECTION.

I do not believe that there is a member of this Commission who desires to force American workingmen to accept less than the American rate of wages or live differently than other American workingmen live. Either we must do that or Congress must protect the product of our labor against foreign competition just as it protects every other product of American labor against foreign competition.

For nearly half a century Congress has refused to do for American ships what it has done for every other American industry. During that time American shipping has shrunk to but one-third of what it was in the beginning. We are building no ships now for the foreign trade of the United States. For nearly three years not an order has been placed in an American shipyard for a new steamship for the foreign trade. The few ships that are being finished in our shipyards now were built in the expectation that Congress was going to give protection to them. Their owners are facing a great loss because of their trust in the justness of Congress.

You understand the situation—the remedy is in your hands. Were the higher cost of construction removed as a factor you know that the higher cost of operation would still remain a factor. You know, in short, that the only way to build up our shipping in the foreign trade is to give it protection equal to the difference in cost of construction, cost of operation, and foreign aids to foreign shipping. That done, American capital will enter into the construction and ownership of vessels for our foreign trade; American workmen will be able to build and American citizens will be able to command, officer, and man the ships. That left undone, and foreign ships, foreign masters, officers, and men will continue to build and to operate the ships employed in our foreign trade.

In closing I wish to repeat that the upbuilding of American shipping in the ocean trade is a question that concerns labor more than it does any other class of our citizens. If relief is not given American labor will suffer.

#### THE SAILORS TOO.

I should like to state, Mr. Chairman, outside of this document, that on the Pacific coast we (the shipbuilders) feel that we have a right to take the same interest in the manning of American vessels as the sailors have. While we are willing and would be only too glad to get a subsidy passed by the Government—some bill that will protect us and give us plenty of work—we, at the same time, feel that the American sailor has as much right to be protected as we have. I have worked both on the Atlantic and the Pacific coasts. The Atlantic-coast people do not understand the conditions that prevail here in the manning of vessels. I feel, as an individual, that I would sooner have things go on as they are, if we are to build ships under a subsidy from the Government and have Chinese coolies man them. I am done.

Representative SPIGHT. Have you a distinct idea as to how this protection ought to be extended to American shipbuilding?

Mr. KANE. Well, I can not say that I have a distinct idea; but, as other countries are subsidized the same as the French, under the condition that we have higher wages, that material is dearer through the protection that is given to the iron industry, and therefore the manufacturers can not build a ship without charging the ship owner a larger price than they would charge on the other side, the difference between the wages paid here and the difference paid for material; I should think the Government ought to subsidize those vessels. If it comes to be the case whether we have to take Chinese coolies, I hope you will make the point, if every one passes out of the ships, as you certainly should, that you will repay the officials of that line for doing so. I am not statesman enough to know how to do this, or I would be in Congress, I guess. [Laughter.]

EXCLUDING THE CHINESE.

The CHAIRMAN. Under existing conditions, Mr. Kane, do you agree with some people in this country who say that we ought to legislate so as to exclude the Chinamen from American ships engaged in foreign trade?

Mr. KANE. Yes, sir. I believe that any ship-subsidy bill that should be passed—

The CHAIRMAN. But under existing conditions?

Mr. KANE. Under existing conditions I do not believe in their being shipped at all. American sailors are abundantly able—

The CHAIRMAN. You heard what Mr. Waterhouse said this morning, or, perhaps, you were not here. Mr. Waterhouse, who operates a line of ships out of this port, says that if we should so legislate he would have to stop running his ships absolutely, inasmuch as he is now handicapped by the cheaper construction, cheaper operation, and the subsidies of foreign nations.

Mr. KANE. Well, I can not argue with Mr. Waterhouse. He is better posted on that line than I. But I am speaking from the view of the laboring people throughout the Pacific coast. I believe that is the sentiment I have expressed.

The CHAIRMAN. But it would not help labor to absolutely stop an American steamship line, and to that extent injure the shipyards of the Pacific coast?

Mr. KANE. I would not expect that they could do it right away, but why could there not be some kind of a plan adopted by which it could be done gradually?

The CHAIRMAN. That is one of the things we have got to take into consideration among other matters. We are obliged to you, Mr. Kane.

STATEMENT OF G. GUSTAFSSON.

G. Gustafsson appeared.

The CHAIRMAN. Mr. Gustafsson, in what interest do you appear to-day?

Mr. GUSTAFSSON. I am a master mariner. I am agent to the American Association of Licensed Officers of Sail Vessels.

The CHAIRMAN. The Commission will be pleased to hear any view that you may have to present.

Mr. GUSTAFSSON. I have a little statement here that I should like to read to the Commission:

*To the Special Congressional Committee to Investigate the Merchant Marine, as provided by the Fifty-eighth Congress.*

GENTLEMEN: We, the undersigned committee, representing the licensed officers of sailing vessels on the Pacific coast, do present to your honorable body the following appeal, trusting that you will give the same your earnest consideration, to wit:

There are enrolled on the Pacific coast 464 sailing vessels of over 100 tons burden. Of these only 188 are compelled by act of Congress to carry licensed officers, viz, those of over 700 tons; the remaining ones, numbering 276, being of less than 700 tons, are not required to carry either licensed masters or mates.

We would ask your honorable body, on the convening of the Congress, or as soon after as convenient to you, to introduce and support an amendment to Revised Statutes 4439; whereby all American sailing vessels of over 100 tons burden be required to carry licensed masters and mates, as now provided for vessels of greater tonnage.

We believe that this measure will be of great benefit to the merchant marine, as the small sailing vessel is one of the most profitable schools of efficiency in seamanship.

Trusting that your honorable committee will give this the consideration that it deserves, we are, yours, very respectfully,

Capt. G. GUSTAFSSON,  
Capt. C. P. HANSEN,  
Capt. W. C. SORENSEN,

*Special Committee for the American Association  
of Licensed Officers of Sailing Vessels.*

SEATTLE, WASH., July 20, 1904.

It is a known fact that at the present time a steamer, even a steam launch of 10 tons burden, with nothing but a pilot, has got to carry a licensed master, and a sailing vessel of 699 tons, going all over the ocean, is not required to carry any licensed master or mate. At the present time the biggest part of our foreign sailing vessels on this coast are under 700 tons burden. Those vessels are trading mostly to China, Australia, Japan, etc., and they trade to South America and different places. Those vessels are not required to carry either licensed masters or mates. It is a very poor inducement for a young American boy to take a line which has not any advancement for him, as he can hardly become a master on board a sailing vessel.

I wish that your honorable body would present this amendment to Congress at its next meeting and give it your earnest support.

Representative MINOR. How many vessels do you suppose there are on the Pacific coast which are less than 700 tons?

Mr. GUSTAFSSON. Two hundred and seventy-six are less than 700 tons, over 100 tons.

ARE THERE ENOUGH OFFICERS?

Representative MINOR. Do you believe people could be found who are competent to be masters and mates of those vessels? Could persons pass a successful examination before the local board of inspectors in sufficient number to man those vessels?

Mr. GUSTAFSSON. Yes, sir.

Representative MINOR. The reason why I asked the question is because I was on the committee which recommended the existing legislation. I tried at that time to bring it down to 400 tons, but I was unable to do it because they told me that both on the Atlantic and Pacific coasts there would be a scarcity of men who could pass the examination, and they would be bothered to get masters and mates for these small vessels. That is the way they met me, and I had to accept the provision fixing 700 tons.

Mr. GUSTAFSSON. I do not think so, sir. There are men passing the examination pretty nearly every day before inspectors. At the present time, as conditions now are, only 188 are required to carry licensed masters and mates, and there is a big overflow of licensed officers. Those officers are not required on those small vessels, and naturally it is hard for those men to get positions there.

Representative MINOR. As you say, with 699 tons, of course the vessel can go without a licensed master. Do those vessels go in the foreign trade?

Mr. GUSTAFSSON. Yes, sir; those vessels at the present time go in the foreign trade. Most of them are under 700 tons.

Representative MINOR. A vessel of 150 or 200 tons is not very likely to go outside very far?

Mr. GUSTAFSSON. Yes, sir; a vessel of 250 tons or more goes as far a distance as a vessel of 1,000 tons.

Representative MINOR. Applicants for a license to sail these vessels have to stand an examination?

Mr. GUSTAFSSON. Not necessarily. Any American citizen can be master of a vessel.

Representative MINOR. I am speaking of competency. Would not the local board of inspectors require him to understand navigation?

Mr. GUSTAFSSON. No, sir; there is no such law.

Representative MINOR. There is no such law, but there is a rule of that kind. It is a Treasury Department rule.

Mr. GUSTAFSSON. I do not think there is a rule to that effect. There is no rule, in fact, to that effect.

Representative MINOR. Do you think that a man could take a vessel of 400 or 500 tons across the Pacific Ocean and land her on the other side and make his calculations on landing unless he did understand navigation?

#### COLOR BLIND MASTERS.

Mr. GUSTAFSSON. Well, I know from my own personal knowledge men here, masters of vessels on this coast, who are color blind and could not distinguish a red light from a green light. If I am master of a vessel of over 700 tons on the high seas, I have got my license; I have to pass my examination. The master of the vessel under 700 tons has not passed any examination. He is on deck, on duty; he can not distinguish any lights, and a collision occurs. I lose my license. He has none to lose.

Representative MINOR. I understand that thoroughly, of course. I myself am a licensed man, but it is for a steamer.

Mr. GUSTAFSSON. A steamer is required to carry a licensed man if it is only 10 tons, but a sailing vessel not.

Representative MINOR. It has been a question whether it would be

policy to reduce the limit or not. Possibly it will come to that, but I would not be in favor of ever going down too low on those vessels. I think if you took 250 or 300 tons and from that up required licenses it would be all right. But I think it would work a hardship on the little fellow whose earnings are small, because he would sometimes have to pay more money than he could afford.

Mr. GUSTAFSSON. No, sir; they get exactly the same at the present time. The mate who has no license on a sailing vessel under 700 tons gets \$60 a month, whereas the mate on a sailing vessel over 700 tons gets only \$60 a month.

Representative MINOR. That is because it is open to the whole world.

Mr. GUSTAFSSON. The wages are not different. I do not think it would be any hardship whatever to the shipowners. I think it would benefit the merchant marine to a great extent, for of course more American boys would take an interest in it.

Representative MINOR. I understand that the policy is to create more positions, so as to have something for the younger fellows to work up to?

Mr. GUSTAFSSON. Exactly.

Representative MINOR. We have considered that, and we will consider it still more carefully.

#### STATEMENT OF JAMES GRIFFITH.

The CHAIRMAN. Captain Griffith, will you state to the Commission in what line of business you are engaged?

Mr. GRIFFITH. Mr. Chairman and gentlemen, I have been in the ship-broking business on the Sound here quite a long while.

In 1900 some gentlemen told me in New York that if a subsidy bill was passed they would provide the capital to build a steamer to run from Seattle to Central and South American ports, and to get acquainted with the requirements of the trade we had better start operating a foreign steamer, which we did in the spring of 1901. We started that vessel in the trade, loading her on the Sound for South America, and tried to work up a return cargo, but we found that it was a losing proposition. So we sent the vessel around the Atlantic coast and gave the proposition up. Since that time the issue with those people I referred to has dropped out of sight, because without a subsidy nothing could be done.

#### A SUBSIDIZED BRITISH LINE TO MEXICO.

To cover the same ground, British Columbia, or Canada, is offering a subsidy to steamers to run from Vancouver to Mexico. That subsidy is provided in conjunction with the Mexican Government, that offer a bonus or subsidy of \$50,000 a year. With Canada it is a tender for what the service can be established at, under the British flag, to operate steamers of 3,000 tons, with 10-knot speed, a monthly service from Vancouver as far as Mexico. That is what they provide for now.

Representative MINOR. Passing the whole length of the coast of the United States?

Mr. GRIFFITH. No, sir; starting from Vancouver, and passing the Pacific coast.



Representative MINOR. Of course I except Alaska, but passing all our coast line.

Mr. GRIFFITH. Yes, sir; those vessels are to run from British Columbia specifically. In consideration of receiving the bounty they are not to call on the American coast.

Representative MINOR. We have 1,000 miles of coast that they have to pass.

Mr. GRIFFITH. A thousand miles. It is a route of 1,400 or 1,500 miles.

The CHAIRMAN. Did I understand you to say that in addition to the subvention given by the Canadian government the Mexican Government gives a bonus or subsidy to this company?

Mr. GRIFFITH. Yes, sir; \$50,000 Mexican. The proposal is a tender to be given to the department of commerce for establishing a service and the consideration is to be named in the tender for which the proposal will establish a monthly service.

The CHAIRMAN. Is there anything further, Captain Griffith, that occurs to you?

Mr. GRIFFITH. No, sir.

Representative MINOR. That is a very valuable statement.

#### STATEMENT OF E. M. GREENLEAF.

Mr. GREENLEAF. Mr. Chairman, I came up to speak in regard to the steamship-inspection service. I do not know that that comes under your scope of investigation.

The CHAIRMAN. It is rather foreign to our inquiry, but the Commission will be pleased to hear any views you may have to express.

Mr. GREENLEAF. I should like to understand exactly the real status, whether the Commission is to find out how to build up American commerce, or why it was once built up from a unit to numbers and the numbers decreased back to a unit, or just to find out some means of building it up at the present time.

The CHAIRMAN. One of my colleagues says he is particularly interested in the inspection service and will be pleased to have you discuss that matter.

In response to the suggestion just made I will state that the Commission is charged with the duty of inquiring into methods of rehabilitating the merchant marine. We will not want any information as to the historical part of it or the existing condition of things. Anything that will aid us in reaching a wise conclusion by way of remedial legislation we will welcome, or any practical suggestion that you may have to make concerning any phase of the shipping question.

Mr. GREENLEAF. Then it is for building it up at present?

The CHAIRMAN. That is what we are striving at, sir.

Mr. GREENLEAF. That is what I was coming to. I should like to have written up something, if it would be acceptable to your Commission, in regard to the status and standing of this abominable steamboat-inspection service. It is practically the cause of American commerce having been driven off the sea. When it gets right down to the matter of figures it is that service that has driven the commerce of America right off the waters—that forced it off.

## A NEW THOUGHT.

The CHAIRMAN. That is an entirely new thought, and if you can establish that fact perhaps we will find a remedy. It is a new field entirely from what we have been exploiting. So proceed.

Mr. GREENLEAF. I should like to have a little time on it. I wanted to find out if I would be allowed to write my suggestions and send the paper to your Commission before you present your report to Congress next fall.

The CHAIRMAN. In addition to any statement you may feel like making to-day, the Commission will accept a written paper, and will incorporate it in its proceedings.

Mr. GREENLEAF. I can hand it to you at any time before Congress meets?

The CHAIRMAN. Yes; the secretary of the Commission will arrange with you in regard to that matter.

Mr. GREENLEAF. I should like to have the privilege, then, of covering all that ground in that paper.

The CHAIRMAN. We would want the paper before Congress meets, because we are charged by the statute to make report at the beginning of the next session of Congress, which will be the first Monday in December. We will want to get all our testimony printed before that time. So it ought to be furnished within the next few weeks.

Mr. GREENLEAF. I will say the 1st of October.

Representative SPIGHT. That will be perfectly satisfactory.

Mr. GREENLEAF. All right. Thank you, sir.

## STATEMENT OF D. THOMAS DAVIES.

Mr. DAVIES. Mr. Chairman and gentlemen of the Commission, I am rather, I fear, the same as the gentleman who has just preceded me with regard to certain phases of the duties of this Commission. I have been given to understand of course that it was their duty to investigate the condition of the merchant marine and whereby it can be benefited, not alone in the foreign service, but in our home service and the coastwise. Otherwise, I am sure that this Commission would not have sat on the Great Lakes. So we are to consider matters in regard to home service as well as foreign service.

Representative MINOR. The Commission held its meetings on the Great Lakes to meet exporters of manufactured products and importers.

Mr. DAVIES. I have prepared two little papers here in a hurry. One of the papers contains a recommendation in regard to legislation governing inland waters, which I will read first if you will permit me. It has been indorsed by the national organization of the grand order of the American Association of Masters and Pilots of Steam Vessels at their sitting in Washington January, 1904. It was forwarded and laid before the supervising inspectors; that is, the part which relates to the inspection service. The American Association of Masters and Pilots of Steam Vessels numbers over 8,000 members. If it is not irrelevant I should like to read the paper, and then I will touch upon the matter of a subsidy, if you will allow me.

The CHAIRMAN. Captain, proceed in your own way. We will not interrupt you.

Mr. DAVIES. Thank you. It is addressed to the honorable gentlemen composing the special committee of the Fifty-eighth Congress to investigate the merchant marine; and if any errors creep in I am sure you, gentlemen, will overlook them, because it is my own piece of work. I am not rich enough to hire a stenographer, and I do my own typewriting.

Gentlemen, in behalf of the members of the American Association of Masters and Pilots of Steam Vessels on this Pacific coast and its inland waters, I desire to call your attention to one or two matters that are of vital interest to those who follow the sea for a livelihood.

#### HOW LARGE A CREW.

First. We would respectfully petition you to advocate such legislation as would be necessary to provide, and specify clearly what numbers of officers and crew any passenger steam vessel should be compelled to carry.

That matter as it exists at present is very vague. They do claim that the powers that be at the present time have power to specify clearly; but a decision has been handed down by a high court in our land that says they have not the prescribed authority. I should like to have you consider that proposition, as I think it of vital importance.

Second. We would ask you to work for the amendment of section 4401, Revised Statutes, on the following lines (or such other lines as in your judgment may seem right and proper), for the better regulation of the hours of service of officers of passenger steam vessels on inland waters, and defining their duties, to wit:

#### AT LEAST TWO PILOTS.

"That on the inland waters of the Atlantic and Pacific coasts and waters known as the Great Lakes all passenger steam vessels under enrollment being navigated over twelve hours in any one day shall be compelled to carry at least 'two pilots,' who shall stand regular watches and have no other duties imposed upon them except the navigation of the vessel: *Provided, however,* That the master of such vessel may act in the capacity of one of said pilots should he so qualify as such pilot."

There is nothing unreasonable in that. And also to read:

"That steam vessels running under a register, should the State within which these inland waters are located fail to enact a law compelling passenger steam vessels sailing under a register to carry licensed pilots, then such registered vessels to be governed by the laws governing licensed and enrolled vessels when under way and navigating such inland waters."

I may as well state here, gentlemen, in explanation of this part of it, that the pilotage laws of the United States are very vague, and they are very conflicting, you may say; that is, especially the difference between a vessel licensed and under enrollment and vessels running under register. That is a matter of compromise between the States and the national authority. In the eastern jurisdiction especially the compromise was made on account of the State laws providing for compulsory pilotage.

Representative MINOR. Bar pilotage?

Mr. DAVIES. Yes, sir; bar pilotage. Here, coming in the Sound, we do not have any bars except some institutions in our city permitted by city ordinance, etc. The general laws as to State pilotage took the vessels out of registry because they were considered foreign-going vessels, but the vessels under enrollment came under the inspection rules that governed the certificate issued by Government inspectors.

#### AS TO MOTOR BOATS.

Third. We would also be pleased, if you, gentlemen, would give House bill 7033 your consideration and support. It relates to vessels propelled by gas, fluid, naphtha, or electric motors, and was introduced December 11, 1903, by Mr. Grosvenor. It amends the act of January 18, 1897, whereby anything under 15 tons could enter into commercial pursuits without being liable to the inspection laws. This bill provides that all those propelled as above stated, when carrying freight or passengers for hire, shall be subject to the control and regulation of the inspection service. (See sec. 4426, Rev. Stat.)

I understand that you gentlemen are very well versed in regard to this bill; you have heard it discussed, and I will not take up your time.

#### A LOAD LINE.

Fourth. The last item that I desire to call to your attention, gentlemen, is the need of a "national load-line" for all vessels of the American merchant marine, with suitable tables to determine where the load-line shall be. This deserves the especial attention of the Congress. As it is now it is not a question of "floating point," but a sinking point. At present the owner or his agent determines how deep his vessel shall be loaded, or what he may consider a safe (?) line. This in itself is vicious in principle.

I will not undertake, gentlemen, to make a lengthy argument on these points. I desire to call your attention to these items, that you may have the same in mind when you and your colleagues come to deliberate on matters pertaining to the merchant marine of these United States.

I will say in conclusion, that you can not build up our merchant marine without building up and improving the condition of the American sailor. You can not have a shipping list that will be a pride to our country unless you try and maintain a high standard of perfection among the American licensed officer; and, gentlemen, he is worthy of your best efforts. The American sailor is a credit to his profession and to his country. He asks no charity from anyone; all he desires at all times is "justice." He looks to you for it. He pleads to you as the legislators of his country. Must he plead in vain?

(Signed) PUGET SOUND HARBOR, No. 16, AMERICAN  
ASSOCIATION OF MASTERS AND PILOTS OF  
STEAM VESSELS.

By D. THOMAS DAVIES, *Past Captain.*

The other paper is addressed in the same manner to you, gentlemen, July 26, and was written very hurriedly. I knew very well that you would have so many papers to go through that I did not wish to load you down with this literature.

In regard to the present agitation regarding the condition of the merchant marine, and what to do in the premises, I believe that our

Government should establish a liberal policy in the way of mail contracts to all foreign countries, and especially so from the Pacific coast points to the Orient and in and for American vessels.

This I am sure will not be opposed by any fair-minded person who has any acquaintance with shipping. What the people are opposed to, and why the so-called Hanna-Payne shipping bill and other like measures failed to pass the Congress, was that the very few were the only beneficiaries, and it was not of general benefit.

All seem to agree that in the years covering 1850 and 1865 the merchant marine of our country was at its zenith. The only favor shown to that institution at that time was the discriminating tariff in favor of American bottoms. If that measure was so successful (and I have not heard it contradicted), why not return to that wise measure, and not waste our energies running after false gods? The manufacturer has been fairly well protected in recent years. Let us see if this measure will not give the shipowners a little encouragement in their investments.

No other measure (discriminating tariff) has been offered that gives the small shipowner the same protection as his largest competitor. No other measure ever offered gives the "snail-pacer" equal advantage as regards efforts made as it gives to the modern ocean "greyhound," and this is as it should be.

#### CONSIDER ALL INTERESTS.

I am sure, gentlemen, that you would not consider it desirable to advocate any measure that would build up the shipping interest of New York, or Pennsylvania, by crushing out the life of the shipyards of Maine. You would not consider it necessary to enrich the owners of a few, very few, ocean greyhounds, at the expense of impoverishing the owners of vessels of smaller tonnage? No, certainly not.

I was pleased to have the genial secretary of our Chamber of Commerce dwell upon this phase of the proposition in the closing paragraph of his review of this question in the Monday morning Post-Intelligencer in which he used these words:

"We should favor the establishment of mail lines upon a liberal policy, and I believe that the sentiment of the people here is practically unanimous upon that proposition. At the same time let us not forget the smaller interests. Let us not forget the lumber and grain carrier. Let us remember the deep-sea fisher and the bold mariner who takes his ship into hundreds of foreign ports where it is impossible for deep-draft vessels to enter. These are the men who handle the small trade of minor ports, and while the items look small the aggregate is enormous. They are the men who support the small shipyards - who help to build up the small towns as well as the large cities. They get near to the hearts of the people, and it is the sentiment of the people that will make this proposition stand or fall."

I am sure, gentlemen, that we are honored by your presence in our peaceful but very energetic city, which we love to call our home, and I trust that your visit and your efforts in behalf of our merchant marine will bring forth rich returns. I tender you these papers, trusting that you will give them your kindest consideration.

The CHAIRMAN. We are much obliged to you, Captain Davies. We will certainly give consideration to your views.

**ADDITIONAL STATEMENT OF EDWARD ROSENBERG.**

The CHAIRMAN. Mr. Rosenberg desires to read a paper prepared by the deep-sea fishermen. He will have the opportunity to do so now.

MR. ROSENBERG. It refers to the general fishing industry of this coast, and not to deep-sea fishing. However, they are so closely allied that it may be said to speak of both.

GENTLEMEN: As all of 80 per cent of the 15,000 white fishermen of the Pacific coast are also practical seamen, of whom many at certain periods earn their living as fishermen, at others engage themselves as seamen, and as it is of the greatest importance to any country to have a sufficient supply of seamen to man its merchant marine, and in time of war to have men trained to the sea who can aid in the nation's defense, we submit as fishermen the following for your consideration:

As the result of excessive fishing and the lack of efficient protective legislation the salmon fisheries of the Pacific coast and Alaska are declining, and if in the near future effective legislation to protect this industry is not enacted, these fisheries are threatened with extinction.

Aside from the commercial loss which would be entailed by the nation in the decline of our fisheries—it appearing from a computation made by the U. S. Fish Commission that in 1902 the Pacific salmon fisheries yielded about 280,000,000 pounds of fish, whose first value as placed on the market was \$18,000,000—the living of these 15,000 fishermen and of the still larger number of cannery workers is threatened.

In support of our contention we quote an excerpt from a letter sent on May 25, 1904, by Hon. George M. Bowers, Commissioner of the U. S. Bureau of Fisheries, to one of the undersigned fishermen.

“As you correctly state, the necessity for the artificial propagation of salmon in the Puget Sound region and in Alaska is apparent to all who have given the matter any consideration. The salmon fisheries of the Sacramento and Columbia rivers have been saved through artificial propagation, and only the hatching of salmon on a large scale to the northward will save those fisheries.”

**SAVING THE SALMON FISHERIES.**

The special Alaska Salmon Commission, which last year by instruction of the President visited Alaska and made a thorough investigation of the fisheries, in its preliminary report (Document No. 477 of the House of Representatives, Fifty-eighth Congress, second session) likewise realized the danger threatening this industry and urged appropriate legislation. At the head of this Commission were Dr. David Starr Jordan and Dr. Barton W. Evermann. Many fishery experts accompanied this Commission. We desire to call your attention to the following excerpts from this report:

“It is now evident that this industry can be maintained only by the artificial hatching each year of fry in sufficient numbers to make good those annually used in the fisheries and otherwise destroyed. To kill fish by the wholesale without provision for replenishing the stock is not an industry. There is no reason why the number of salmon taken in Alaska may not be as great twenty or fifty years hence as now. \* \* \* The recommendations of the present Commission are

on the basis of maintaining a continuous industry. The Government should not permit private citizens or corporations to destroy future industries for the sake of present gains. \* \* \*

"A wise administration of the fisheries will permit the taking of the largest number of fish compatible with the maintenance of the supply, and will permit their capture by the cheapest method which is not wasteful. \* \* \* It would be well, for reasons already stated, that the use of traps and other fixed appliances for the capture of salmon could be prohibited in the Bristol Bay region. \* \* \* The recent history of traps in that district has shown a constant movement out of the estuaries into the upper rivers nearer and nearer to the immediate spawning grounds of the salmon. \* \* \* The problem of the use of traps in the large streams and their estuaries is a most difficult one. If we are to consider the ultimate interests of Alaska and the permanence of her salmon fisheries, no traps should be allowed anywhere. They are most harmful where most successful. The almost total failure of the salmon fisheries of the Puget Sound and the Fraser River is doubtless to be attributed in the first place to overfishing in the recent years in the river and its approaches, and the failure to replenish the supply by means of hatcheries."

#### TWO THIRDS OF THE WORLD'S SUPPLY.

Thus this Commission. In Alaska there are employed on an average 5,000 white fishermen, exclusive of the cannery help. On Puget Sound in American waters about 3,000 white fishermen are employed. Alaska and Puget Sound furnish two-thirds of the salmon supply of the world. In 1901, the best year on Puget Sound, the pack was 1,380,590 cases, a case containing 48 one-pound tins. In 1902 it fell to 563,000 cases, and the 1903 pack, expected to be a large one, fell to 150,000 cases of sockeye and 314,000 cases of inferior grades. Excessive fishing, mainly by traps on the sound, lack of effective protective legislation, and ineffective hatchery operations, account for this decrease. Hon. John Pease Babcock, fisheries commissioner for British Columbia, in his report for 1903, states:

"But what is of far greater importance to the Government, the fishermen, and the canners than the remarkable decrease in the catch is the fact that the number of sockeye which reached the spawning grounds of the Fraser this year was so small as to seriously threaten the destruction of this great industry. For I can positively state, from personal observations, that the run of sockeye to the Fraser watershed above the great canyon (which includes the Quesnel, Shuswap, and Seton Anderson lakes sections) was a failure, and that virtually no spawn to produce a future run was deposited there this year, though, combined, these lake regions constitute what is believed to be 75 per cent of the natural spawning grounds of the sockeye of the entire Fraser River watershed. This statement, which may reasonably alarm those interested, is made after a most careful inspection of the spawning grounds during the past three seasons. \* \* \*"

The Fraser River is the spawning ground for most of the salmon caught on Puget Sound.

## BEST NURSERY OF SEAMEN.

We further wish to state that the fisheries of any nation produce the hardiest kind of seamen. They are a kind of nursery in which a vast number of seamen are raised; that the nations with large fisheries have there the best recruiting ground for their navies. Great Britain has employed in the coast fisheries 167,000 men; France 94,000; Japan 939,893 professional fishermen, and the remaining 1,402,833 fishermen also engage in farming or some other business. The number of Japanese fishing vessels amounts to over 400,000. The Russian fisheries employ comparatively but a small number of men, and its navy is largely recruited from landsmen untrained to the sea. The humble fishermen of Japan may yet be the principal factors in bringing about great changes in the future history of the world.

Traps and other stationary fishing gear require no fishermen to operate them. Traps and other stationary gear by fishing without intermission prevent fish in sufficient numbers to reach the spawning grounds, thus threatening and causing the decline of the salmon industry. Gill-nets and seines can only be used during certain stages of the tides. Stationary fishing gear deprives the bona fide fishermen, i. e., the gill-netters and seiners, of the right to allow their nets to drift over what should be common fishing grounds to all, besides endangering the lives and property of these fishermen. The Dominion government until a few months ago absolutely forbade in its waters the use of traps as detrimental to the fishing industry, but the Americans in Puget Sound waters steadily increasing the number of fish traps and the feeling among the British Columbia canners being that the industry is doomed through the fish traps in American waters have evidently prevailed upon the Dominion government to permit them to share in the last spoils.

We therefore ask of your honorable Commission to urge legislation in Congress along the lines of recommendations of the Alaska Salmon Commission. We further urge legislation to restrict and abolish in all Pacific coast waters fish traps and other stationary fishing gear, where such stationary gear threatens or causes the extinction of the salmon and endangers the life and property of drift-net fishermen.

We are, very respectfully,

ED. ROSENBERG,

*Organizer I. S. U. of A. for Fishermen's Union,*

PETER S. GADE,

*Agent for Fishermen's Union of the Pacific.*

I. N. HYLEN,

*Secretary F. P. U. of P. C. and A.*

SEATTLE, WASH., July 26, 1904.

Representative MINOR. As evidence of the fact that Congress has already considered this very important question—I agree with you fully—Congressman Humphrey here introduced a bill in the last session proposing to appropriate \$300,000 for the establishment of fish-cultural stations in Alaska. It was referred to a committee of which he and I are members as well as Captain Spight here, and it went through that committee with a favorable recommendation, with every vote. It was unanimously adopted by the committee and reported to



the House. In the rush of business it did not come up, but it was no fault of your Congressman here. I make this statement, and I think it is very proper to do it, in order that the fishermen may know we are working along that line and eventually will establish these stations.

Representative SPIGHT. The bill will most likely pass during the next session of Congress.

Representative MINOR. We hope to pass it at the next session.

Mr. ROSENBERG. As fishermen we are very much interested in the continuance of the fishing industry. I have fished on the Columbia and the Fraser rivers. I have seen hundreds, nay, thousands of men who had little homesteads, a little home in the woods, and would depend on three or four months' fishing to pay taxes and make little improvements. But the fish supply of these waters—not only salmon, but other fish—will disappear by unrestricted fishing in the British Columbia waters. At the inception of the salmon industry no traps were allowed, no stationary weirs were allowed, and a closing day was provided. Then the salmon had some chance to go up. Now, in spite of the importunities of some of the British Columbians above Puget Sound, the traps are increasing rapidly.

The other day, in pursuance of my duty for the International Seamen's Union, I called a meeting and we organized the fishermen on this coast. After three months of investigation I found it would be useless to organize the fishermen without concentrating our efforts upon the salmon fisheries.

#### THE DEADLY TRAPS.

Representative MINOR. The traps will do for you on this coast what they did for us on the lake. They depleted the waters of white fish entirely on Lake Michigan so that you can scarcely get a white fish. Tugboats have 4 or 5 miles of nets that they take up. Now there are three canneries with boats and nets extending about 3 miles each, and one can scarcely get a white fish in the lake. We attribute it to the pound net.

Mr. ROSENBERG. Excuse me for taking the time of the Commission, but I want to make this statement. The other day I was cruising along the Sound with a fishing boat and trying to get in touch with the fishermen. I fell across some fishermen going to the fishing grounds gill netting. One of my men told me that one of the British Columbian cannerymen (and the results bear out his statement) said to him—he mentioned his name, but I do not care to repeat the gentleman's name—how the British Columbia cannerymen now feel about all this attempt to protect salmon through hatcheries, through a close season, and forbidding traps and other such matters; that they want to abolish all protective legislation and catch every fish that comes up the Fraser River; and that is the spawning ground for nearly all the fish in Puget Sound.

Then in four years, because it takes four years for salmon to mature, all the fish that go up Fraser River will be caught, and then, he said, "we will abandon or burn our canneries." It appears to me, gentlemen of the Commission, the British Columbia cannerymen are certainly working along that line, in view of the sadly decreasing catch. It fell from 1,300,000 cases down to about 400,000 cases, and about 300,000

of those cases are inferior salmon, not profitable to the fishermen because the sockeye is the only profitable salmon here on the Sound. It seems to me the salmon fishery here on the Sound will be destroyed unless the United States Government should step in, and I believe it can step in, because the traps are in waters where life is in danger and commerce is hindered. I know that in the Columbia River in 1893 I was within an ace of losing my life, and I would not be here to bore the Commission if it had not been that the trained eye of the seaman quickly detected a trap. I was running away from a squall when I managed to see the pole. It damaged my boat and ruined the trap, but I saved my life.

The CHAIRMAN. Mr. Rosenberg, we are considering this matter. The question of fishing is foreign to our investigation except as it relates to seamanship. We shall give it consideration.

#### STATEMENT OF L. H. GRAY.

L. H. Gray appeared.

The CHAIRMAN. Mr. Gray, are you interested in shipping?

Mr. GRAY. I have been interested in shipping and transportation for about twenty-five years, about ten years on this coast. I have listened to the remarks of the various people who have been before you. I was greatly interested in Mr. Waterhouse's statement, and I heartily concur with all he said. I sincerely trust, in fact I know, you will weigh it carefully. For our firm we are more interested in the coastwise business. We are agents for a great number of sailing vessels, more particularly the small sailing vessels. We try to get business to any coastwise port and to keep going. I hope that something will be done to help the foreign shipping so that they will not be driven off and come after us.

I listened to the remark made by a gentleman here in reference to having you recommend the licensing of men, particularly captains, first mates, and second mates, on the small sailing vessels. If you do that—if there is a law passed compelling us to accept a licensed captain for these small 50, 75, and 100 ton vessels we might as well go out of business.

The CHAIRMAN. I will say on that point, Mr. Gray, that it is entirely outside of any inquiry we are charged with making. If it is ever taken up it will come before the appropriate committees of the two Houses for consideration, and it would be no part whatever of our report. We could not include it in any recommendation we might make under the statute passed creating this Commission.

Mr. GRAY. I should hope not. I have nothing further to add, except I hope that some subsidy will be granted to shipping in the foreign trade, because it will certainly help the coastwise people. We represent at least 100 vessels, and we have hard work to keep them going, no difference what low rate we offer.

Representative SPIGHT. Are your vessels sailing vessels mainly?

Mr. GRAY. Mostly sailing vessels, and we are interested in steam schooners. After a few years, when they cut out the lumber here that is handy to ship, I do not know what our steam schooners are going to do, if we are to have competition with American vessels in the foreign trade that do not get any subsidy.

The CHAIRMAN. Is there any other gentleman present who desires to say a word? (A pause.)

Thereupon (at 4 o'clock and 10 minutes p. m.) the Commission adjourned until to-morrow, Wednesday, July 27, at 10 o'clock a. m.

SEATTLE, WASH., *Wednesday, July 27, 1904.*

The Commission met at 10 o'clock a. m.

Present: Senator Gallinger (chairman), and Representatives Minor, Humphrey, and Spight.

### STATEMENT OF ALDEN J. BLETHEN.

Col. Alden J. Blethen, editor of the Seattle Evening Times, appeared.

The CHAIRMAN. The Commission will be gratified to have Colonel Blethen present any views he may desire to submit.

Mr. BLETHEN. Gentlemen, I suppose that Brother Humphrey desired that I should come up here just to be a good fellow. He knows that as newspapers run along political lines, I should be opposed to any proposition that looked to a subsidy. But having known me and knowing my record when I lived in Maine, farther down east than the chairman, he still believes I have some ideas on this subject. Possibly I have not. I am simply up here to apologize to you that the people who live in Seattle and the Puget Sound country should be so foolish as to go away at this time of the year, and hence the comparatively few people you meet here. Of all places that can be found on the American continent, gentlemen, the Puget Sound country, with Seattle at its head, in my judgment, takes the cake. The rainy season sets in in the fall and terminates in the spring; and that is when we should go away, if at all. Instead of that we stay at home and when it comes summer time, and everything God has given to man can be found right here—fruit, flowers, water, sunshine, and rain—we go away.

Now, gentlemen, touching the question you are on—the problem that has absolutely stumped the best men of the country—it is something that an ordinary editor can not possibly digest or give you any light upon. From my own standpoint as an American citizen nothing would suit me better than to see the American flag flying in every port of the world, and the 80,000,000 people we have carried to every corner of the earth under the American flag, and I would not care if it cost the United States Treasury \$25,000,000 a year to do it. That is my Americanism. I do not want to see, from the standpoint of economy, a lot of men who do not need this money get it. I want to see it distributed in such a way that we shall get the greatest results from the money expended in the most economical manner, with no possible inference that there is a graft—that men who do not need the money are getting it; and that is what the American people as a whole fear.

If you were to take the opinion of the 15,000,000 men who are to vote for President next November as to whether or not America should resume her supremacy upon the waters of the world in a proper man-

ner, in a way that would insure them that there would be no expenditure which was not economically and properly made as a man does in his own business, I do not believe that you would get one-tenth of the voters of the United States to say "nay." I believe that 90 per cent of the American voters would say "aye."

#### LOOK AFTER THE CARGO SHIPS.

Now, with that thought uppermost in my mind, it is simply a question how to do it. I must confess that in the studies I have given to the subject, and I have given a good deal, I have never been able to formulate a plan that would beat Mr. Hill's, and you are all familiar with that. He took me in his private room a year ago last March and read me the correspondence between him and Mr. Hanna, and I must say when he got through I thought he was a philosopher—he pointed out with so much logic and with such acumen the mistake of subsidizing the greyhounds and letting the vessel of 8 knots and 10 knots and 12 knots go unsubsidized. The reverse proposition, as you know, was his; and it did seem to me that it was logical. It is certainly a proposition that I should like to see tried.

Of course, when we turn to the history of the country and consider that practically we built up our shipping in the beginning by discriminating duties, it is pretty hard to overcome that proposition. It is pretty hard for me logically to do it; and, therefore, it is not surprising that when a shipowner on the Atlantic coast comes before you, he advises you that that is the only way to get back our shipping. Now, I do not know whether it is or not. I am afraid we would get into interminable rows with foreigners when we attempted to rearrange treaties that have stood so many years; and yet that has got to be done if you resume the discriminating proposition.

#### A SQUARE OUT-AND-OUT SUBSIDY.

I, therefore, feel that Congress might come out squarely with a law that would appropriate a good many millions. The nine millions that you talked about did not scare me any. If you would cut in the middle the appropriations that are now wasted to a very great extent on rivers and harbors and give the other half of it to the upbuilding of American shipping by granting subsidies that will begin at the bottom and build up, giving the slow-going vessels the great bulk of your subsidy, I believe you would make a success. I can not get that out of my mind. Perhaps it is because that old philosopher and greatest transporter, or at least the greatest authority on transportation I think in the world, James J. Hill, impressed it upon my mind.

Now, of course, as an editor, as a citizen, I feel ashamed when I look at the figures. It is an outrage that \$2,500,000 worth of commerce of the United States should be carried by foreigners, to the extent of about 91 per cent. That is an awful thing to contemplate. But we have done things, and I suppose that condition has grown up under our tariff arrangements, whereby the American is paid better wages, is in a better home, has better living, so that we can not possibly compete with foreigners except under extraordinary circumstances.

Of course, we can get the material as cheaply as the foreigner if we choose, because it is at our door; but the moment we touch that material and attempt to mold it into form we are paying from 25 to 30 and 40 per cent, I do not know just how much, more than the foreigner pays. Nobody can compete against that. When we come to get our seamen, and look at the sea, it seems to me the difference must be 100 per cent; and that nobody can compete against. When it comes to our laws governing seamen the discrimination is, as you know, vastly in favor of American seamen; and everybody wants to talk about a law that makes American seamen better and gives them better opportunities.

Thus this great problem is complicated and hedged about by conditions that seem almost insurmountable. And yet the American people have not been unequal to any task which they have undertaken.

I am awfully glad, for one, to see you gentlemen out here. I am glad the American Congress had the good sense to choose a commissioner to investigate and to report. I want to say, in the most cheerful manner, that while I am publishing an anti-Republican paper, so far as the building up of American commerce is concerned the Congress of the United States shall have the heartiest support from our end of the line for anything that will restore the flag to the ocean.

Gentlemen, I merely came up to say, "How are you?" [Applause.]

#### STATEMENT OF JAMES B. MEIKLE,

*Secretary of the Seattle Chamber of Commerce.*

Mr. MEIKLE. Mr. Chairman and gentlemen of the Commission, there are a few matters that have come up during the discussion which I might throw a little light upon, and I will take this opportunity to do it.

The question was asked Mr. Waterhouse yesterday as to the difference in the cost of carrying forage to the Philippine Islands by the transport *Dix* and carrying the same forage by the commercial lines. I have a statement that was made last winter, which shows the cost of operating the *Dix* from the time she was purchased by the Government, March 1, 1901, up to September 16, 1903. It shows the total cost to have been \$474,156.06.

The cost of carrying the same amount of forage and miscellaneous freight and passengers carried by the *Dix* under the contract existing with the Boston Steamship Company would have been \$349,401.22, a difference in favor of the commercial line of \$124,754.84.

Representative SPIGHT. That is for a period of two years, not for one trip?

#### THE TRANSPORT DIX AGAIN.

Mr. MEIKLE. It is for a period of a little over two years. I will say, however, that at the time the *Dix* was purchased by the Government the line between Puget Sound and the Philippine Islands had not been established, and this computation is made upon what it actually cost the War Department and the cost under the rate charged by the commercial steamers.

This statement should also be modified, the Quartermaster-General says, to a certain extent, because \$80,000 was expended in repairs.

But in all steamship operations the question of repairs and improvements to the ship naturally comes in as a part of the operating expenses. So I see no reason why that should be deducted.

Another question that was asked Mr. Waterhouse was how General Humphrey could make the statement that it cost \$8 a ton less to carry freight from San Francisco to Manila than it did from Puget Sound to Manila. If General Humphrey is quoted correctly (and when he was here he stated that the paper he quoted from was very correct in its statements), he must have had reference to carrying freight in transports. Certainly he could not have had reference to carrying freight by the commercial lines, because the rate by the commercial lines is \$4.25 a ton from Puget Sound to Manila, and you could not save \$8 out of that.

If you take the operations of the transport *Dix* during the period reported, I find that the freight rate from Puget Sound to Manila by the transport *Dix* was only \$7.81 per ton. So you could not save \$8 out of that.

It has just been suggested to me that the *Dix* is the most modern and the most economical transport vessel the Government owns. I will not go into a discussion of the relative merits of carrying supplies to the United States Army by the transports or by the commercial lines, because Mr. Waterhouse covered that very fully yesterday. I have merely made these suggestions in addition to answer questions which were asked him and which he was not fully prepared to answer.

#### PUGET SOUND SHIPPING.

Now, I want to call your attention to a certain fact relating to our merchant marine, particularly on Puget Sound. About four years ago I was requested by Mr. Clise, who at that time was president of the chamber of commerce (I was not secretary then, however), to compile data in reference to the shipping on the Pacific coast and in reference to the opportunities for merchant vessels sailing under the American flag. I took considerable time and compiled the data, and with it he went East and organized the Globe Navigation Company. You will hear from the representative of that company to-day with reference to their operations and the success they have made in the business and the competition they have met from subsidized foreign ships.

In that statement I secured the actual results of a large number of sailing vessels operated between Puget Sound and the ports of the world for a period of years extending from about 1892 or 1893 to the time I made the statement. From the statement I was able to make from the books of the companies owning those vessels, showing exactly what they had earned, and exactly what their expenditures had been, I was able to show that those vessels had paid from 18 to 40 per cent per annum in dividends. Upon that showing this company was organized and commenced operations. Their plans originally were to build eleven ships on Puget Sound at Ballard, the little harbor we looked into on Monday. They started in to build those ships. They had three on the ways at once. I have their report from the shipyard here showing just what they did.

But when they got the fifth ship laid down we had a fleet of subsidized French vessels come into Puget Sound, and a fleet of subsidized

British vessels came into Puget Sound, carrying away all of our wheat and flour and fish, so that those vessels under American register were forced into competition in the coastwise trade with other American vessels. The result has been that they have built 5 ships where they expected to build 11, and I believe they have given up the idea of building any more.

The CHAIRMAN. And those 5 ships are engaged in the coastwise trade now?

Mr. MEIKLE. Coastwise or foreign, carrying lumber sometimes to San Francisco and sometimes to Australia or South Africa, wherever convenient, a part of the time competing with the coastwise vessels, I understand. Mr. Thorndyke knows those facts and he will probably state them.

To show the scope in which vessels from Puget Sound are handled, I got a statement from Captain Chilcott, who will appear before you to-day. At that time he was the owner of the ship *Marion Chilcott*, and I want to call your attention to the places where that vessel went. She went first from Tacoma to Havre with wheat. From Havre to Baltimore in ballast. To Seattle with coal—that is, blacksmithing coal, the coal used for manufacturing purposes. Then from Seattle to Manila with lumber and merchandise, and then to Seattle in ballast. To Adelaide with lumber, and to Newcastle in ballast. To Honolulu with coal, to Blakely in ballast, and then to Melbourne with lumber, and return. That is the history of that vessel for a period that I covered in making the statement for the Globe Navigation Company. Those are a few of the facts you meet with in the shipping on the Pacific coast.

I have prepared a paper upon the marine interests of the Pacific coast. I did not intend to read it before the Commission, but I have been requested to do so.

*Mr. Chairman and gentlemen of the Merchant Marine Commission:*

It may be stated as a general proposition that every business undertaking has its costs and compensations. This is as true of the foreign carrying trade of the United States as it is of any other business. The question before the American people at the present time is, "Do we honestly and earnestly desire to build up and sustain an American merchant marine?" If we do, let us be frank and honest. Let us look the question fairly in the face. Let us not be afraid of the facts of a name or of a term. If we want to do our own carrying trade, it is going to cost us something to do it, and if we mean business, let us ascertain the cost and pay it. That is the business, common-sense way to look at this question, and it is from that standpoint that we should discuss it.

Most of the people know, in a general way, that American ships have practically disappeared from the foreign trade of the world, and that the American flag is now seen so rarely that it is looked upon with curiosity in a majority of the foreign ports. But few people realize the extent of the decadence of our marine interests or how insignificant is the part our nation plays in the carrying trade of the world. Every American citizen should know the facts, should know the worst, and be brought to a realization of our present conditions and the ultimate consequence of a continuation of our present business methods. In order to bring these facts prominently to the attention of the people,

# 1002 HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION.

I have gone into the records of our commercial history and prepared a statement of the facts as shown by the statistical reports of our Government at Washington. The story is incomplete, because my time for its preparation has been limited, but it is enough to make our people think, and when they think they will see that it is time to act.

The table following is compiled from the statistics contained in the report of the Commissioner of Navigation for 1903.

TABLE I.—*Tonnage of American vessels built and engaged in the foreign and domestic trade and fisheries of the United States from 1800 to 1903.*

	Trade engaged in—					
	Vessels built.	Foreign.	Coastwise.	Whaling.	Fish-eries.	Total.
1800.....	106,261	107,201	272,492	3,466	29,427	972,492
1810.....	127,575	981,019	405,347	3,589	34,828	1,424,753
1820.....	51,394	583,657	588,025	36,445	72,040	1,280,167
1830.....	58,560	537,533	516,979	39,705	97,529	1,191,776
1840.....	121,204	762,838	1,176,694	136,927	104,305	2,180,764
1850.....	279,255	1,439,684	1,797,825	146,017	151,918	3,535,454
1860.....	214,798	2,379,396	2,644,867	166,481	162,764	5,353,868
1870.....	276,953	1,448,846	2,638,247	67,954	91,460	4,426,507
1880.....	157,410	1,314,402	2,637,686	36,408	77,585	4,068,084
1890.....	294,112	928,062	3,409,435	18,638	68,267	4,424,497
1900.....	393,790	816,790	4,296,516	9,899	51,629	5,164,839
1901.....	483,489	879,595	4,582,645	9,534	62,444	5,524,218
1902.....	468,152	873,235	4,558,714	9,320	56,638	6,797,902
1903.....	436,152	879,264	5,141,087	9,512	57,632	6,087,845

*Tonnage of vessels engaged in the trade of the Great Lakes, 1820 to 1903.*

Year.	Tons.	Year.	Tons.	Year.	Tons.
1820.....	3,500	1860.....	467,774	1900.....	1,565,587
1830.....	11,106	1870.....	634,704	1901.....	1,706,294
1840.....	54,199	1880.....	605,102	1902.....	1,816,511
1850.....	198,266	1890.....	1,062,063	1903.....	1,902,698

From this table it will be seen that the American tonnage engaged in the foreign trade in 1810, when our population was only 7,239,881, was 101,755 tons greater than it was in 1903, when our population had increased to more than eighty millions. On the other hand, the tonnage engaged in the coastwise trade shows a steady increase practically in the same ratio as the increase of population, until in 1903 we had more than 5,000,000 tons engaged in that trade. We ought to have at least 4,000,000 tons engaged in the foreign trade.

The coastwise trade has grown because it is sustained by the fostering care of the Government, which gives the owners of American vessels a monopoly in that business.

In the year 1860 the high-water mark seems to have been reached in our foreign shipping, whaling, and deep-sea fishing. From that time the decline has been swift and certain. I shall refer to the fisheries later on.

Now let us take a glance at the rise and fall of our foreign carrying trade. The statistics at my command go back only to 1821, when 90 per cent of the tonnage engaged in that trade sailed under the American flag. Here is the story as told by the figures:



**HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION. 1003**

**TABLE II.—Tonnage of vessels entered and cleared in the foreign carrying trade of the United States from 1821 to 1903, with percentage of American trade.**

Fiscal year.	American tonnage.	Foreign tonnage.	Total tonnage.	Per cent American.
1821.....	1,570,045	164,604	1,734,649	90
1830.....	1,938,987	265,336	2,203,323	88
1840.....	3,238,955	1,418,849	3,503,837	69
1850.....	5,205,804	3,503,837	8,709,641	60
1860.....	12,087,209	4,977,916	17,322,095	71
1870.....	6,922,967	11,332,095	18,325,062	38
1880.....	6,881,819	29,219,229	36,053,548	19
1890.....	8,149,878	28,106,245	36,256,123	23
1900.....	12,844,570	44,099,576	55,444,146	22
1901.....	12,798,652	46,799,262	59,587,914	21
1902.....	13,782,755	47,815,759	61,098,514	28
1903.....	13,881,809	49,528,022	62,409,831	22

If this showing is not enough to cause every patriotic American citizen to blush for the mistaken policy which perpetuates such a condition, what shall we say of the showing made by the statistics of values of the merchandise carried in those vessels during the same period? Look at this table:

**TABLE III.—Value of import and export trade of the United States carried in American and foreign vessels, with per cent carried in American vessels, 1821 to 1903.**

Year.	American.	Foreign.	Total.	Percent.
1821.....	\$113,201,462	\$14,358,235	\$127,559,697	88.7
1830.....	129,918,458	14,446,970	144,366,426	89.9
1840.....	198,424,609	40,802,856	239,227,465	82.9
1850.....	239,272,084	90,764,954	330,037,038	72.5
1860.....	507,247,757	255,040,793	762,288,550	66.5
1870.....	352,969,401	638,927,488	991,896,889	35.6
1880.....	258,346,577	1,224,265,434	1,482,612,011	17.4
1890.....	202,451,086	1,371,116,744	1,573,567,830	12.9
1900.....	195,084,192	1,894,444,424	2,089,528,616	9.2
1901.....	177,398,615	1,974,636,496	2,151,935,411	8.2
1902.....	185,398,615	1,919,029,314	2,104,849,301	8.8
1903.....	214,695,082	2,026,102,388	2,240,706,420	9.1

Just think of this showing. From the proud position which our nation occupied in 1830, when she carried almost 90 per cent in value of her foreign trade and 88 per cent of her tonnage, she has gone steadily down and down the scale until to-day she carries less than 10 per cent, and the total amount carried in 1903 was only about 65 per cent greater than it was seventy-three years ago. But this is not all; the worst is yet to come.

From the Statistical Abstract of 1903 we find that we carried only 7.1 per cent of our own exports in that year, and that in 1901 we were down to 6.1 per cent. The percentages of the values carried in American vessels are stated as follows:

**TABLE IV.—Percentage of imports and exports carried in American vessels in the foreign trade from 1860 to 1903.**

Year.	Imports.	Exports.	Total.	Year.	Imports.	Exports.	Total.
1860.....	63	70	66.5	1900.....	12.9	7.1	9.3
1870.....	33.1	37.7	35.6	1901.....	12	6.1	8.2
1880.....	22.9	13.1	17.4	1902.....	12.1	6.6	8.7
1890.....	16.7	9.4	12.9	1903.....	12.9	7.1	9.1

That is the limit. In forty-three years we have declined from a position of commercial independence to a point where we are absolutely dependent upon the shipowners of foreign countries to carry our products to market. What should we say of a rich and and prosperous farmer who did not have wagons to carry his products to market—who when he was ready to sell his crops would go to his neighbor and say, “Please, Mr. Patterson, can I hire your wagons to carry my wheat and corn to the railroad station?” We would say that such a man did not know enough to be a farmer. What, then, shall we say of the men who in their wisdom force the greatest and most prosperous nation on earth to say, “Please, Mr. John Bull, won’t you hire your ships to us to carry our products to market?”

These are the conditions as they exist at the present time. The causes which have brought about these conditions are known to all who have given the subject even a casual consideration. One of the principal causes is the higher cost of building ships in the American shipyards, owing to the higher wages paid to American workmen. It is well known that labor is the chief factor in the cost of a ship. This requires the shipowner to invest from 50 to 60 per cent more money in the business than he would if he should have his ships built in a foreign country and sail them under a foreign flag. Consequently, he has to pay dividends upon a larger capital, insurance upon a higher valuation, taxes upon a greater assessment. In other words, his ship must earn from 50 to 60 per cent more than the foreign ship of the same tonnage before he can pay the same dividends. Another cause is that the nations of Europe have seen that value of the foreign carrying trade and have adopted the policy of building up their shipping interests by divers systems of subsidies, which extend even to the small vessels engaged in the deep-sea fisheries.

We do not want to reduce the wages of our workmen. We can not expect men to invest their capital in large enterprises upon such unequal terms. What, then, shall we do? There is only one answer to that question. We must place the protecting arm of the nation around this enterprise and support and maintain it by the united power of the American people.

#### COURAGE AND PATRIOTISM.

It takes courage and faith and patriotism to invest largely in American ships under present conditions, and the men who have promoted and built the magnificent ships of the Boston Steamship Company and the Great Northern Steamship Company command our respect and admiration and deserve our commendation and support.

It is a significant fact that these great steamships were planned for the foreign trade of Puget Sound because Puget Sound is the one port in all the United States to inspire the patriotism of an American citizen. It is the only important port in which a majority of the vessels are seen sailing under the Stars and Stripes.

The State of Washington, with Puget Sound as its principal port, although one of the youngest, has become one of the most important maritime States of the Union. A consideration of the position which she occupies may be of interest.

The American vessels engaged in the foreign trade are required to carry a certificate of registry, and are spoken of as “registered” ves-

sels. Those engaged exclusively in the coastwise trade are "enrolled," and those under 20 tons, restricted to certain limited operations, are "licensed."

In the number of registered vessels, Washington stands at the head of the list, with New York second, Florida third, and California fourth, and in the tonnage of her registered vessels she stands second only to New York.

The report of the Commissioner of Navigation for 1903 shows the number and gross tonnage of all the registered vessels as follows:

TABLE V.—Showing the number and gross tonnage of the registered vessels of the United States June 30, 1903.

	Number.	Gross tonnage.	Average tonnage.
Washington .....	326	139,301	580
New York .....	178	376,969	2,117
Florida .....	123	19,508	158
California .....	114	91,591	795
Maine .....	84	49,919	594
Alaska .....	78	35,410	454
Massachusetts .....	73	27,458	376
Maryland .....	27	21,590	799
Pennsylvania .....	24	9,750	406
Mississippi .....	22	5,248	238
Porto Rico .....	22	5,154	234
Louisiana .....	19	18,654	981
Alabama .....	16	8,190	195
Texas .....	12	1,704	142
Delaware .....	7	7,982	1,140
Oregon .....	7	4,822	717
New Jersey .....	6	6,849	1,161
Virginia .....	6	3,653	608
Rhode Island .....	5	1,854	370
North Carolina .....	5	1,165	238
Hawaii .....	4	3,784	946
New Hampshire .....	3	880	293
Georgia .....	3	1,414	471
Arizona .....	3	462	154
Connecticut .....	2	861	430
South Carolina .....	1	68	68
Total .....	1,170	888,776	759

In the ownership of registered, enrolled, and licensed steam vessels of the United States, Washington stands second in number and third in tonnage. The following is the record of the leading States:

TABLE VI.—Showing the number of registered, enrolled, and licensed steam vessels of the United States June 30, 1903, in the leading States.

	Number.	Tonnage.		Number.	Tonnage.
New York .....	1,457	790,361	Florida .....	192	21,012
Washington .....	387	115,174	Maine .....	191	40,524
California .....	357	200,095	New Jersey .....	191	34,143
Massachusetts .....	271	93,793	Virginia .....	186	18,472
Connecticut .....	246	59,283	Oregon .....	180	35,699
Maryland .....	227	104,137	Alaska .....	140	27,664

These tables show conclusively that the Pacific coast States have a deep interest in the American merchant marine, and although we are so far from the seat of government that it often seems as if we were not only unappreciated and neglected, but absolutely forgotten, we keep alive a certain kind of patriotism that might well be cultivated east of the Rocky Mountains.

Puget Sound is also the only important American port where the greater portion of the tonnage entering and clearing in the foreign trade is of American registry. The port of Alaska leads all others in the percentage of American tonnage with 67.7 per cent to her credit in 1903, but her foreign trade is comparatively small. The tonnage movement on the whole Pacific coast as shown by the statements contained in the report of the Bureau of Statistics of the Department of Commerce for 1903 was as follows:

TABLE VII.—*Tonnage of American and foreign vessels entered and cleared at the customs districts of the Pacific coast during the year ending June 30, 1903 (foreign trade).*

## VESSELS ENTERED.

	Sail.	Steam.	Total.
<b>AMERICAN.</b>			
Alaska.....	1,789	128,518	130,307
Hawaii.....	85,446	188,977	204,307
Humboldt.....	2,403	4,529	6,932
Los Angeles.....	651	5,743	6,394
Oregon, Oreg.....	6,941	158	7,099
Puget Sound.....	62,227	665,308	734,585
San Diego.....	802	80	802
San Francisco.....	40,613	287,739	328,352
Willamette.....	601	.....	601
Total.....	208,473	1,211,052	1,419,525
<b>FOREIGN.</b>			
Alaska.....	1,723	53,611	55,334
Hawaii.....	50,611	163,895	214,506
Humboldt.....	14,896	.....	14,896
Los Angeles.....	29,620	11,345	40,965
Oregon, Oreg.....	95,281	12,657	107,888
Puget Sound.....	208,463	244,770	453,233
San Diego.....	17,136	34,343	51,479
San Francisco.....	364,813	239,411	604,224
Willamette.....	44,723	43,318	88,041
Total.....	827,216	808,350	1,630,566

## VESSELS CLEARED.

	Sail.	Steam.	Total.
<b>AMERICAN.</b>			
Alaska.....	6,363	98,637	98,700
Hawaii.....	4,288	.....	4,288
Humboldt.....	12,556	.....	12,588
Los Angeles.....	651	3,617	4,468
Oregon, Oreg.....	2,349	347	2,696
Puget Sound.....	125,866	707,459	833,325
San Diego.....	550	80	630
San Francisco.....	37,413	411,053	448,466
Southern Oregon.....	638	.....	638
Willamette.....	15,301	2,964	18,265
Total.....	199,677	1,224,357	1,424,034
<b>FOREIGN.</b>			
Alaska.....	422	53,202	53,624
Hawaii.....	11,294	73,308	84,602
Humboldt.....	16,767	.....	16,767
Los Angeles.....	2,018	9,488	11,501
Oregon, Oreg.....	14,853	3,468	18,321
Puget Sound.....	125,111	253,303	507,414
San Diego.....	1,597	26,575	26,172
San Francisco.....	276,036	332,793	598,829
Willamette.....	165,495	56,232	221,727
Total.....	732,588	806,369	1,540,957

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TABLE VIII.—*Tonnage of American and foreign vessels entered and cleared at the customs districts of the Pacific coast during the year ending June 30, 1903—Continued.*

TOTAL ENTERED AND CLEARED.

	Entered.	Cleared.	Total.
<b>AMERICAN.</b>			
Alaska.....	130,307	98,700	229,007
Hawaii.....	204,423	4,288	208,711
Humboldt.....	6,932	12,556	19,490
Los Angeles.....	6,394	4,468	10,862
Oregon, Oreg.....	7,099	2,696	9,795
Puget Sound.....	734,535	833,325	1,567,860
San Diego.....	882	630	1,512
San Francisco.....	328,352	444,466	776,818
Southern Oregon.....		638	638
Willamette.....	601	18,265	18,866
Total.....	1,419,525	1,424,034	2,843,559
<b>FOREIGN.</b>			
Alaska.....	55,834	58,624	108,958
Hawaii.....	214,506	84,602	229,108
Humboldt.....	14,896	16,767	31,663
Los Angeles.....	40,965	11,501	52,466
Oregon, Oreg.....	107,888	18,821	126,209
Puget Sound.....	458,233	507,414	960,464
San Diego.....	51,479	28,172	79,651
San Francisco.....	604,224	568,829	1,203,053
Willamette.....	88,041	221,727	309,768
Total.....	2,843,506	1,540,957	3,171,528

Of the total tonnage entered and cleared on the Pacific coast 47.2 per cent was American and 52.8 per cent foreign.

On Puget Sound 62 per cent was American and 38 per cent foreign. It should be stated, however, that while the American tonnage was 62 per cent the greater part of the most valuable cargoes was carried in foreign bottoms, because the American tonnage consists very largely of small vessels, many of which are engaged in the lumber and coal trade with Mexico, Central and South America, Australia, and many other countries, while the foreign fleet of large subsidized steamships and sailing vessels carried the more valuable cargoes of wheat, flour, cotton, tobacco, fish, meats, iron, steel, machinery, and general merchandise, at prices which could not be met at a profit by any American ship. For example, a large fleet of subsidized vessels came to the Pacific ports and cut the charters for carrying wheat to a figure below the cost of operating the American vessels. They put the American vessels out of the wheat business and forced their owners to let them lie idle or enter into ruinous competition with each other in other lines of trade. This happened two years ago. It happened last year, and it will happen again and again until we find a remedy.

Before passing to another branch of this subject I wish to call attention to the growth of the foreign commerce of Puget Sound during the last decade. The statement following is from the Statistical Abstract for 1903.

TABLE VIII.—*Value of exports and imports of merchandise of the customs district of Puget Sound by fiscal years, 1894 to 1903.*

Year.	Exports.	Imports.	Total.
1894.....	\$4,942,040	\$1,280,899	\$6,172,439
1895.....	5,805,193	2,222,395	8,027,588
1896.....	6,854,707	5,843,846	12,698,553
1897.....	11,864,925	7,006,131	18,871,056
1898.....	17,918,626	5,058,069	22,976,695
1899.....	15,200,340	7,289,718	22,430,058
1900.....	17,908,107	7,148,563	25,051,670
1901.....	20,678,829	6,721,060	27,399,889
1902.....	33,788,821	11,970,799	45,759,620
1903.....	32,499,828	12,177,243	44,677,071

These figures show the growing importance of Puget Sound as a commercial port, and give some idea of the interest the people of Washington have in American shipping.

Another branch of this subject is the revival of American interest in the deep-sea fisheries. By reference to Table I it will be seen that in 1860 the tonnage of the vessels engaged in the cod and mackerel fisheries was 162,764, and that it has decreased steadily until it got down to 51,629 tons in 1900. The tonnage has increased slightly each year since 1900, until in 1903 it reached 57,532. A considerable portion of this increase has been by the addition of a number of vessels to the Pacific coast fleet engaged in halibut fishing off the coast of Washington, British Columbia, and Alaska.

The following from the report of the commissioner of fisheries of British Columbia, published in the yearbook for 1903, will be of interest. He says:

"I have dealt with the salmon, at present the most economic food fish on the coast, somewhat in detail. The next in order is the halibut (*hippoglossus vulgaris*), which has already become a rival of the salmon in commerce. It is the largest and most useful member of a large family known as pleuronectidae. It is in great abundance all along the coast of British Columbia, being principally found around and extending north of the Queen Charlotte Islands, where it attains to a size in some instances over 200 pounds, and a length of from 5 to 6 feet. The average size is, however, about 60 pounds, and it is caught in great quantities by deep-sea fishing, which has during the past few years developed to important proportions.

#### PACIFIC HALIBUT TO BOSTON.

"As is well known, the fish trade in the Eastern States is practically controlled by a combine of eastern fish dealers, and outside of this it is practically impossible for western enterprise to operate. The result of this was the formation of the New England Fish Company, the members of which are included in the eastern combine. The company has been eminently successful and now carries on a very extensive trade. They have four steamers employed, which bring the catch regularly to Vancouver, where it is shipped in car and train loads by express service to Boston. One hundred thousand pounds is not an uncommon cargo for one of these ships to obtain in a few days' catch. The trips occupy from eight to ten days. Dura-

tion of trip and success of catch depend upon the weather. A supply of ice is taken with the steamer, and when she arrives back the fish are immediately packed in boxes with snow or broken ice, and, as stated, shipped by fast train.

"The New England Fish Company, although of foreign origin, is permitted by special license to land its fish and ship them to Vancouver in bond. This, though a modification of the regulations, and has been objected to in some quarters, is really desirable, because otherwise the fish would be shipped from Seattle or Tacoma, and the local benefit to the city of Vancouver and the Province lost.

"In addition to the New England Fish Company there are several other American companies operating in the Pacific, Queen Charlotte Sound, and more northern waters. The vessels of these companies go direct to Seattle or Tacoma, transshipping from these latter points."

In the report of the Massachusetts commissioners on fisheries and game for the year 1903, we find a statement which shows the importance of the deep-sea fisheries of the Pacific as follows:

"Although the fresh halibut fishery is still actively prosecuted in the North Atlantic, it is evident to one who is observant that notwithstanding the bravery and hardihood with which it is conducted it has fallen behind with the Pacific halibut industry and now holds second place.

"Prolific as the Pacific halibut fishery has been in other years, so far as the Massachusetts owned vessels are concerned, it seems to have gone beyond established records this year, in some particulars at least.

#### ALMOST 100 TONS A DAY.

"A correspondent of the Gloucester Times wrote in that paper a letter which was published on April 24, 1903. He avers that the Boston steamer *New England* landed a fare of fresh halibut on April 10 that weighed 145,000 pounds exclusive of heads which, according to the rule adopted by halibut buyers in New England, would weigh 20,370 pounds. This would make her fare aggregate 165,870 pounds if weighed with heads on, as is generally customary; they would weigh upward of 190,000 pounds as they came from the water. The startlingly remarkable thing about this great catch of halibut is that it was taken in one day."

"It is difficult to comprehend the possibility of a single crew catching nearly 100 tons of fish in one day. Nothing approximating such a catch in a similar time has come to our knowledge from any part of the world. The nearest approach to it that we have known of occurred in the same fishery this year, when the Boston fishing steamer *Kingfisher* caught more than 100,000 pounds of halibut in one day, and as a result of less than three days' fishing she was reported to have landed a cargo of more than 250,000 pounds of halibut. This is the record to date, and probably will remain so for a long time, unless vessels of greater capacity are employed, and that is not likely.

"On April 23 the *New England* was reported to have arrived with a second fare of 135,000 pounds of halibut that were caught in a single day.

"It is stated by competent authority that the year's catch of the little fleet of three steamers owned in this State has been about eight and a half million pounds."

## NEW ENGLAND STEAMERS.

The Boston Globe of September 26, 1903, in an article dealing with the Pacific halibut fishery, said, among other things:

"The amount of fish brought here for distribution is enormous. Averaging a car a day and 30,000 pounds to a car, there are in the neighborhood of 9,000,000 pounds of halibut brought here annually from the Pacific Ocean. This will bring at wholesale an average of over 10 cents a pound, or, in gross, the business done in this fish alone is nearly \$1,000,000 a year.

"The company that owns the *New England* and *Kingfisher* added another steamer to the fleet during this year, which began fishing the last week of 1903. This vessel, we understand, is a wooden steamer that was purchased and fitted up for trade, but of course is not so suitable for the halibut fishery as the iron steamers built expressly for the business. Indeed, it is not easy to find a steamer which will answer the purpose well; and one who has visited the principal fishing ports of England informs us that the British fishing steamers are wholly unsuitable for fishing off the northwest coast. They are too small and are not suitable in other particulars because of having been built for a fishery so entirely different from that under discussion."

Here would be an opportunity for some American shipbuilder if we had a law to encourage the deep-sea fisheries.

It may be noted in passing that, whereas it was customary at the beginning of this fishery to prosecute it only for about seven or eight months in a year—from fall to spring—it is now continued throughout the year, with only such intermissions as may be necessary for repairs, painting, etc.

Col. L. Edwin Dudley, the American consul at Vancouver, British Columbia, reports that not less than 10,000,000 pounds of halibut have been packed in ice and forwarded to Boston by the New England Fish Company. That is the company operating the *New England*, *Kingfisher*, *Columbia*, and *Squid*. There is another company operating at Vancouver, known as the Western Fisheries Company. This company has a vessel named the *Blakeley*, formerly a steamer, but now rigged as a bark. She runs to Bering Sea and returns loaded with cod, halibut and other fish. This company, in addition to their fresh-fish trade, has established a plant for drying and smoking fish.

Although cod fishing has been carried on in Bering Sea by some San Francisco firms since 1865, but little is generally known of the extent and importance of the banks along the Alaska coast. The following extracts from an article on "Commercial Alaska" published in the Monthly Summary of Commerce and Finance for July, 1903, will throw some light upon the subject. Quoting from the reports of the governor and others, the article says:

## PACIFIC COD FISHING.

"The possibilities of the cod fishing are also very great, and while the annual catch of codfish is valued at but \$150,000 annually, it is believed that the area in which the fish may be taken and the supply justify the statement that the cod fisheries of Alaska are destined to exceed in value those of Newfoundland or any other part of the world.



"The cod will always be our stand-by. We probably have the grandest banks in the world. The United States Fish Commission has done some work with the '*Albatross*' in determining the number and extent of these banks. It is a safe calculation that we have not less than 125,000 square miles of cod fishing in connection with the Alaskan coast. Here is an immense wealth simply waiting for development. Some vessels from San Francisco have been fishing at the Shumagin Islands, Bering Sea, and Okhotsk Sea. They return to their home ports every season with good cargoes. It is noticeable that very little loss of life has attended the Alaska cod fishing. This is entirely different from the experience on the Atlantic coast. In the past few years some firms from Puget Sound have entered into this business and have been successful. It seems hardly possible to exhaust this species by overfishing.

"After the transfer of the Russian possessions to the United States the immense number of food fish crowding the waters and rivers of Alaska were at first almost totally neglected. The rush of adventurers and capitalists immediately following the sale of the country was directed solely in search of furs, the only exception being the cod fishery conducted about the Shumagin Islands and in Bering Sea by two San Francisco firms. Both these firms have carried on this industry without interruption from the year 1867 to the present day."

This report shows that at the present time three firms of San Francisco and one of Puget Sound are engaged in this industry. The San Francisco firms operate two vessels, and the Puget Sound firm operates one. The number of men employed is about 225; the yearly product is about 5,000,000 pounds of cured fish, valued at \$200,000.

#### A SIGNIFICANT CONTRAST.

From 1792 to 1886 the Government paid a bounty to the American deep-sea fishers. From 1830 this bounty averaged about \$300,000 per year. The tonnage engaged in the fisheries increased from 30,959 in 1792 to 204,197 in 1863. That was the highest point reached. This was the second year of the civil war. In 1864 the bounty law was repealed, and from that time the tonnage has decreased, until it reached the lowest point in 1899, viz, 50,679 tons.

On the other hand, the Canadian government pays a bounty to her deep-sea fishers and her fisheries have increased steadily ever since the policy was adopted. The Canadian bounty aggregates about \$160,000 per year, and the amount required to pay it is derived from the interest upon the sum of \$5,500,000 paid by the United States to Canada under the Halifax award. In other words, American money is used as the basis for a bounty to enable Canada to enter into successful competition with our own fishermen.

I have stated these facts at some length with especial reference to the merchant marine of the Pacific coast, for the purpose of showing to what an extent the people of this section are interested. We have shipyards, large and small. We can build anything from a canoe to a battle ship, and can build some types of vessels cheaper than they can be built elsewhere in the United States, but we can not compete with the foreign shipbuilder. We have before us the trade of the greatest ocean in the world. We believe that the great William H. Seward's prophecy in the United States Senate fifty years ago, when he said

"the Pacific Ocean, with its shores, its islands, and the vast region beyond will become the chief theater of events in the world's great hereafter," is about to be fulfilled. We are face to face with new problems and new opportunities. Puget Sound is nearer than any other important American port to more than one-half of the population of the world. From this vantage point we see the great possibilities of the future, and we want to see the people of America share in the prosperity which is to come. We want to see the American flag flying over ships owned by Americans, built in American shipyards, of American materials, by American workmen, and manned by American seamen.

#### NATIONAL AID INDISPENSABLE.

We can see all of these things if Congress will give the proper encouragement to the merchant marine and fisheries. It is estimated that the American people pay more than \$100,000,000 annually to the owners of foreign vessels to carry our products to market. That amount of money would build more high-class steam A1 tonnage than the United States has altogether engaged in the foreign-carrying trade, including both sail and steam vessels, and the interest upon it would keep all of the vessels in perfect repair. Is it not time to do something to keep some of that money at home?

The Seattle Chamber of Commerce has discussed this subject from time to time, and has expressed its approval of the bill introduced in the Senate by Senator Frye (S. 1348) with two exceptions—one in reference to the size of the sailing vessels to receive aid, and the other as to the rate to be paid to slow-going steam vessels.

While the exact terms of the bill are not material at the present time, I will state briefly the reasons for those exceptions, as they may become material at some future time.

In size the sail vessels commonly built and used upon the Pacific coast range from 600 to 1,500 tons. The bill provided for aid to vessels of over 1,500 tons only. This would operate as a discrimination against the Pacific coast vessels, and that is the reason for the first exception.

The second exception applies to the steam vessels. The "ocean greyhound" is not yet in evidence upon the Pacific Ocean. The steamships used and projected for this trade are of slow-going type, built with special reference to the cheapness of operation, to the end of carrying on commerce at the minimum cost. This is of more importance on this occasion than record-breaking speed trials. The chamber therefore recommended an increase in the amount to be paid to the slow-going steam vessels.

It is important that American mail lines be established between the Pacific ports and the countries of the Orient and the Philippine Islands, and a policy that would accomplish this result would be applauded by the people here. The shortest route is via Puget Sound, and ships running 18 knots or upward can reach Yokohama in less than ten days and Manila in fourteen.

We should favor the establishment of mail lines upon a liberal policy, and I believe that the sentiment of the people here is practically unanimous upon that proposition. At the same time let us not forget the smaller interests. Let us not forget the lumber and grain carrier. Let us remember the deep-sea fisher and the bold mariner who takes

his ship into hundreds of foreign ports where it is impossible for deep-draft vessels to enter. These are the men who handle the small trade of many minor ports, and while its items look small, the aggregate is enormous. They are the men who support the small shipyards, who help to build up the small towns as well as the large cities. They get near to the hearts of the people, and it is the sentiment of the people that will make this proposition stand or fall. [Applause.]

#### STATEMENT OF RICHARD CHILCOTT.

Mr. CHILCOTT. Mr. Chairman, before proceeding with that portion of the question now before you which I have outlined for myself, I desire to supply an omission of Mr. Waterhouse pertaining to subsidies, he having furnished numerous statistics of subsidies to shipping paid by other nations. The Canadian and Mexican governments are now offering a subsidy of \$50,000 each annually for the maintenance of a monthly steam service between the port of Vancouver, British Columbia, and the several Pacific ports of Mexico. This subsidy will pay fully two-thirds of the actual operating expenses of three ships that will be employed, and the maintenance of it will transfer from Puget Sound to British Columbia the sale of several million feet of lumber annually, and from California the sale of several thousand tons of flour and forage. I mention this because I think it is particularly pertinent to Mr. Waterhouse's remarks, and he omitted it.

Mr. Chairman, it is, in my opinion, judging from other nations' experiences, unwise and injudicious to give a direct tonnage or mileage subsidy to all classes of American vessels sailing foreign. I will confine my remarks to conditions as they appear to me on the Pacific, as with that trade I am familiar, and am not with that of the Atlantic.

Should a bill be passed similar in its provisions to the one presented to Congress four years ago, it is my belief that it would create a demand and a desire for investment in shipping; but it is my further belief the cost to the investor and the Government would be greater than the ultimate returns, for this reason: The majority of vessels at the present day are not built by single owners, but by syndicates, either in the form of corporations or otherwise. We will assume the bill becomes a law. A stir is immediately created in shipping circles, among owners, managers, shipbuilders, and producers of shipbuilding material. The character of material, be it steel or wood, is different to that used in other industries, and therefore can be distinctly classified.

The sawmill or the rolling-mill man will look upon the situation critically, and will revolve in his own mind what the demand for his line of material will likely be, and the thought will naturally occur to him that "the people who are now going to build ships are going to make a whole lot of money out of them; the Government will give it to them, it is nothing but right that I should have a share of it," more especially as he reasons to himself, "as the demand will be increased the cost of production will therefore be greater; therefore I will advance the price of material, say 15 per cent." Now cometh the managing shipowner. He will naturally realize this is the time and opportunity to place one or more vessels on the stocks. He calls together those with whom he has associated and promoted the building of vessels in the past. People who supply the various materials, equipments,

and furnishings, being advised of the advance of price in the first material, they must necessarily realize the demand there will be in their particular lines, and immediately announce they must have an increased amount for their wares sufficiently large to offset the increased cost of their subscription to a proportion of the vessel.

#### MANY TO ASK THEIR SHARE.

All of these interests acting together will easily advance the price of the vessel 25 per cent above what she would cost under ordinary circumstances, with what future result I will illustrate. A vessel is required to carry a cargo of 1,500,000 feet of lumber, say, from Puget Sound to Australia. There are several foreign vessels, one of which is a subsidized Frenchman, and one or more American vessels available, and the going rate is 40 shillings. Now, Mr. Shipper has all these foreign vessels to work on and uses them for the purpose of bearing the rate paid to the American vessel. He will say to the American ship: "You can carry this cargo as cheaply as your competitor; in addition you receive a subsidy from the Government. I have got to meet sharp competition in this business and have to take advantage of everything possible. Through patriotism I desire to give you the business, but I must have some rebate. You will earn so much subsidy. I will divide with you by paying you a rate less 2s. 6d. of the market rate, namely, 37s. 6d. If you do not take it I can obtain the French subsidized vessel at that figure and you will be enforced to lie idle." The American vessel is compelled to accept it and the announcement is made on 'change, and behold, rates have dropped 2s. 6d. This identical operation is repeated when the next charter is made, and so on until the lowest limit is reached. The same will apply to Pacific coast wheat shipments.

The question now arises, who actually receives the benefit of this rebate in freight? It can safely be admitted the shipper has to meet the sharp competition, as he alleges; therefore he can not be charged with this benefit. We must therefore assume that either the consumer at the other end, or perhaps the broker, is really receiving a great portion of the subsidy our Government is giving. To sum up the whole, the shipbuilder et al. receive one-half of the subsidy by reason of the extra cost of the vessel, and the foreign consumer receives the other half, leaving nothing for the shipowner.

Sailing vessels are not considered profitable carriers but for very few cargoes at the present day, steamships gradually superseding them, and as a rule cargoes of small value only are shipped in the former-named class of vessels, such as lumber, coal, nitrate, ore, iron, and other like commodities, the difference of time in transit being the greatest factor responsible for the change.

#### A LOOK INTO THE PAST.

The decline of American shipping and its absence from the high seas and the seaports of the world has happened through natural causes. Seventy years ago the volume of registered tonnage afloat compared with the demand for it, and the ever-increasing commerce of the world was much less than it is to-day. Trans-Atlantic commerce was confined to sailing ships. Then, as now, owners and builders vied with each

other to build and sail the speediest and best vessel. From England the vast continent of Australia was peopled with the sailing vessel known as the Australian clipper. The trade with the Orient, both from England and from the United States, was maintained with a similar type of vessel as also was the New York-California trade. The excessive demand for clipper ships produced, finally, what was known as the American clipper, conceded to be the most advanced type of marine architecture of its day, and by far the speediest and best carrier, and in the latter days of sailing clippers this character of vessels superseded all others.

By the experience and judgment of our shipbuilders we practically became empress of the seas where our merchants found it profitable to trade, but when iron and steel began to be generally used, and British builders followed the design of our shipbuilders, then commenced our decadence. The iron vessel was not so expensive to build, cost much less for maintenance, less for operations, less liability to damage, and consequently less insurance on cargo. It was a survival of the fittest. The American clipper drove the Australian and the China tea clipper out of business, and the modern steel ship drove the American clipper out, just as the modern cargo steamer is to-day driving the steel sailing ship out, as oil will eventually displace coal for fuel, as the turbine will finally succeed the triple-expansion engine, and so will electricity eventually be substituted for steam as a motive power. The middle of the nineteenth century was a great era in the development of the natural resources of this young and lusty nation.

Oversea commerce had to be created to provide for the disposal of the surplus products of the people and to supply them with the necessities and luxuries of other countries. We had no transcontinental railroad to give us communication with our far Pacific coast, whose people required transportation for themselves and their requirements. Other nations were busy with their own transportation problems; therefore our merchants were compelled to fall back on their own resources to build vessels to carry their produce to market. They continued so long as the necessity for so doing existed, and when that necessity ceased by the offer of superior tonnage at a lesser rate than they could produce it the building of American ships to engage in foreign trade stopped.

#### FORE AND AFTER VERSUS SQUARE RIGGER.

There is nothing derogative to ourselves individually or as a nation that our flag is not in evidence on every sea. We were not possessed of colonial dependencies as other nations were; therefore there was not the stimulus to produce the cheapest method of ocean transportation they had. The rapid natural growth of our own country and the additions we have received to our population from other countries has kept our manufacturers and producers busy to supply the home demand which has developed a means of transportation over mountains and across prairies excelled by no other country in the world, the surplus capital of the mechanic, merchant, and capitalist being thereby profitably absorbed. It should also be borne in mind that the belting of this continent with railroads has obviated the necessity of an immensely large fleet of sailing vessels that from thirty to fifty years ago figured largely in our registered ocean tonnage, namely, the California line of clippers from the eastern coast. To-day we can consider

the only type of American sailing vessels in constant use is the fore and aft rigged schooner, and in the carriage of such cargoes as are suitable for them can easily compete with the foreign square cutter.

The carrying capacity in lumber for the registered tonnage is greatly in favor of the schooner in comparison with the foreign square-rigged ships. Tonnage dues are less, cost of towage and pilotage where needed is less, cost of loading and discharging less. The cost of maintenance is less, and, in spite of the disadvantages of union-controlled crews, the cost of operating the schooner is not more than the lower-paid foreign square rigger, as the former is operated with one-half of the number of crew required on the latter vessel. Or, to be explicit, a single decked fore-and-aft vessel can carry lumber, or a double-decked vessel of the same rig can carry any cargo suitable to her construction and class as profitably at the same rate as the modern steel foreign built and operated vessel of the same capacity.

Mr. Chairman, it is a simple matter for me to make an assertion before this committee that might be subject to future criticism and even direct contradiction from later witnesses, which would naturally create a doubt in the minds of the committee as to the reliability of my statements. This I desire to provide against. I am interested in the subject, and know whereof I speak from practical experience, and the facts can be verified, and I invite your severest cross-examination and criticism, if you please, on any of my utterances.

#### WHY SO FEW?

The critic will naturally ask, If so, why have we got so few vessels? The answer is simple. The absolute necessity of the maintenance of a foreign-going fleet does not exist, and our people find more profitable investment for their money in other directions. In the earlier portion of this article I referred to the experience of other nations subsidizing shipping. I had particular reference to the French. We have been brought directly in contact with the operations of this subsidized fleet. With the normal rate of 30 shillings per ton for the transportation of wheat from this coast to Europe the advent of these vessels bore the rates down to the ridiculously low figure of 16 shillings per ton, paid in one instance.

Anyone connected with shipping is aware that a vessel can not cover her actual operating expenses at the rate named. Why is it done? The subsidized ship can not make any money lying in port; she must be kept moving to earn her subsidy; therefore, rather than seek a fair living or market rate she is willing to take anything offered to enable her to keep on the move. The same conditions would confront the American subsidized vessel engaged in transient trade. The ship-owners would not receive any benefit, and after a few years' trial would realize the unprofitableness of the subsidy and cease building.

It is evidently the national desire to see the American mercantile flag on every sea; otherwise your committee would not be seeking information and asking the opinions of the people. The evolution of commerce and the science of ocean transportation have made such great changes during the past generation that conditions and issues to be met are entirely different to what they were. Senator Frye, of Maine, some years ago offered a bill in Congress, and Senator Elkins, at the next session, offered a similar bill in a modified form, proposing a dis-

criminative tariff of 10 per cent additional on all imports not carried in American bottoms. This is an unwise policy to pursue, and is not the right step in aid of American shipping, and when I say shipping I include commerce, they being inseparable, as each must thrive and prosper together. It should not be the policy of the Government to encourage imports, although I will admit such is a part of commerce, but I claim the demand of the people is sufficient encouragement in that direction, and the levying of discriminating duties would serve to upset values and create surplus supplies in many instances and curtail them in others, and might possibly incite retaliation from other countries.

The Hanna-Payne bill of more recent date formulated a plan of subsidy that, to say the least, was wild in its provisions, providing for a mileage payment on every description of vessel, stipulating only that they should carry not less than half a cargo between ports. Such a law would place a premium on fraud, and we would be acting the same as the French subsidized vessels are now acting, scooting around and running all over the world with but one object in view—draining the public treasury.

#### AID FOR REGULAR LINES.

The time is past when we can enter into the general foreign commerce of the world, and I doubt if our people have the inclination to do so. The field is more than covered by the numerous tramp steamers of other nations. It would therefore be impossible to create a shipping industry to this extent. We should endeavor to build and foster a trade to support regular lines of steamers, and encourage those that will enable us to secure trade distinctively our own and that which is naturally tributary to us.

My observations of those who have been most successful in the up-building of large lines of steamships show that it is best to choose a long route, where there are numerous intermediate ports to touch at. A vessel starts out on a 15,000-mile voyage; at the end of 1,000 miles she drops 500 tons of cargo and replaces it with a like quantity destined for one of the other ports of call, and so on throughout the voyage. By this means a vessel of 10,000 tons capacity can be made to carry double that amount each passage. There are to-day two lines of foreign steamships, with Puget Sound as their terminus, operating in this manner; one a German line calling at San Francisco and all the ports on the west coast of Central America, and west and east coasts of South America, thence to their home port—Hamburg. The other is a British line calling at all the principal ports of Japan, China, East Indies, and, I believe, several in the Mediterranean, to their home port—London. Both of these lines are well established, and for years have gradually extended their scope of operations, and the natural assumption is they are successful.

The establishment of such lines need the cooperation and financial assistance of merchants, and can neither be established nor successfully operated otherwise. As an instance how large steamship companies are promoted and formed I will mention the American-Hawaiian line. The originators, Messrs. Flint & Dearborn, of New York, a few years ago were operating the largest fleet of sailing vessels owned in the United States at that time. Realizing the day of the sailing ship was passing, and to continue in business they must keep up with the march

of progress, they evolved the idea of their present magnificent fleet of ocean steamers. To carry this into effect they sold their ships, obtaining therefor about sufficient money to build one steamship. Not a great deal when the immensity of the undertaking was considered; still a substantial nucleus. They then approached the merchants who were engaged in the trade they proposed to operate, laid their plans before them, invoked and secured their aid, and to-day they are running eight of the largest and finest American steamships afloat between the ports of New York, San Francisco, Puget Sound, and Honolulu, and are still adding to their fleet, building on both coasts. From the day of its inception the company have been eminently successful, and we hope that it may always continue to be.

There are but few lines of steamships from ports on the Pacific coast that could be profitably established. I would suggest one hence to London, covering the same route mentioned above; one hence to New York on the same lines as the German line is operated, with the exception of making New York instead of Hamburg the eastern port of destination. I would suggest also the remodeling of the present line from San Francisco to Australia and New Zealand, conveying my apologies for the suggestion to the patriotic gentlemen who are fostering the present line. I will give my reason for the suggestion later.

I have carried the subject to that point where I must give my opinion as to the best mode of aiding shipping, and in formulating my ideas I have given several points consideration. The first and principal one is to be careful and not offer sufficient inducements to speculators and unscrupulous promoters, with a desire (to be plain) to loot the public treasury, to form heavily capitalized companies with that particular object in view.

The next point I consider is to offer sufficient aid to those desirous of becoming shipowners, and to the merchants who would cooperate with them, to enable these to engage in the business legitimately, to obtain results that would be as satisfactory to them as if their money had been used in other directions.

#### THE MIDDLE WEST INTERESTED.

It must also be considered that any bill that may pass Congress must have the approval of a large number of members who come from the interior or inland States of the Union, and who do not recognize the importance of shipping either as a promoter or expander of commerce or as a means of communication between other countries, and fail to realize that ships are as necessary to the growth and prosperity of coast cities as railroads are to their own.

Representative MINOR. At that point let me ask, What do you mean by the interior? What part of the United States?

Mr. CHILCOTT. Iowa, Indiana, and even Wisconsin and Minnesota.

The CHAIRMAN. And Nebraska and Kansas.

Representative MINOR. I wish to say to you that the most intelligent papers and talks before the Commission so far (I will except some of the papers here at Seattle) came from the Great Lakes. That is pretty well in the interior.

Mr. CHILCOTT. Yes; I admit that, Mr. Minor.

Representative MINOR. I refer to Chicago, Milwaukee, Detroit, and



Cleveland. I think we learned more as to the value of direct lines from the producer to the consumer in those cities than on the Atlantic coast. They are fully alive to this subject, and will sustain any reasonable and wise measure tending to build up the merchant marine. I merely wanted to correct you there.

Mr. CHILCOTT. I am glad to know that it is so.

Representative MINOR. I think the other members of the Commission will bear me out in my statement.

Mr. CHILCOTT. The suggestion on my part was entirely a natural assumption.

Representative MINOR. Naturally; I do not wonder.

The CHAIRMAN. I judge, however, Captain, that in that suggestion you do not wish to be understood as sympathizing with that view?

Mr. CHILCOTT. No, sir; not at all.

Our mail service in various directions is not so good as it might and should be. The Department has been very niggardly with reference to the transportation of foreign mails, probably on account of Congressional restrictions. A regular and frequent mail service to any given point will aid most materially in the development of a large trade, and it is practically impossible to attain that end without desirable mail facilities. If regular mail service was maintained with South America whereby we would receive a letter, say, from Valparaiso in fifteen days instead of forty-five days as at present, it would give our merchants so much advantage over their European competitors who can not receive a letter in less than thirty days. The same can be said of the East Indies, Burma, and the Straits Settlements. It is miraculous that we ever receive a letter from these localities. Where there are poor mail facilities between points there will be no business transacted, and this point has been considered in formulating my ideas.

#### AN EXPORT BOUNTY.

The United States should pay the sum of 50 cents per ton for every ton of freight shipped to a foreign port from any port in the United States.

Mr. Chairman, I am not a good judge of the constitutionality of this proposition. It is simply my idea.

The CHAIRMAN. I think we would be face to face with a very serious constitutional provision.

Representative SPIGHT. It would jump right squarely on it.

Mr. CHILCOTT. Probably there may be a way of evading that and still attaining the same end.

#### MAIL SUBSIDIES.

Then the United States should pay 25 cents per ton for every ton of freight carried between two foreign ports and discharged thereat in an American ship, built and operated in conformity with a law granting this aid. A liberal mail subsidy should be arranged for any given route.

In suggesting this bonus of 50 cents a ton—and I think it could reasonably and profitably to the country at large be made more—it is not with the expectation that the shipowner would be the ultimate beneficiary. My impression is that he would make that much rebate

to the shipper. For instance, a miller wants to ship 500 tons of flour to Callao. The German line now operating there would naturally make an effort to obtain the freight by cutting rates, but the bonus paid to the American ship would give her just that much advantage in securing the business, as she could say to the miller, We will meet the German rate. This method induces shipments of our produce abroad, whereas the discriminating duty proposed some years ago would encourage shipments of foreign products into the country for which no necessity exists, as the natural demand and requirements of the people are the only necessary inducements for imports of any kind. On the other hand, if we can encourage exports we not only expand our commerce, but afford our vessels an earning one way, and the necessity of the shipowner and condition created will secure the business the other way. If our American ship secures the outward cargo she incapacitates the foreigner from securing the homeward cargo, as the latter would have nothing to come to the American port for.

I should like to explain here, Mr. Chairman, that the export rates of freight from the United States are invariably greater than from any other country, and when vessels all over the world start out from a home port they seek a port in the United States for the homeward cargo. For instance, a British vessel is loading in England. She will take a cargo at anywhere from 10, 15, 16, or 18 shillings a ton to come out to San Francisco or Puget Sound for the sake of getting the enhanced freight on wheat home. If she can not get a cargo direct in this direction she will take a cargo of coal to Table Bay and then run in ballast to Australia and take a cargo to San Francisco for the purpose of obtaining this rate. That is the meaning of my remarks in this direction.

I will submit a schedule of the probable cost to the Government on the three lines that have been mentioned, and will endeavor to show the advantages and disadvantages that will have to be met and provided for.

#### SCHEDULE OF ROUTE NO. 1.

A voyage from Seattle to London, touching Yokohama, Nagasaki, Hongkong, Manila, Singapore, Point de Galle, or Colombo, Aden, several Mediterranean ports, and final port of discharge, London.

Twenty vessels employed with a cargo capacity of 10,000 tons each, giving a bimonthly service. Vessels to steam 16 knots, to cost \$750,000 each, aggregating \$15,000,000. Their allotment under the proposed plan would be:

10,000 tons per voyage, at 50 cents.....	\$5, 000
10,000 tons intermediate freight, at 25 cents.....	2, 500
Total .....	7, 500
24 voyages annually, at \$7,500.....	180, 000
Annual mail subsidy, at \$20,000 per voyage.....	480, 000
Total annually .....	660, 000

As it would be less profitable to vessels of this class and size to make all the smaller ports adjacent to the route than to have lesser sized vessels connected with them to distribute the outward and collect the return freight, for instance, a fleet of vessels connecting with the larger steamships at one of the Japanese ports to distribute the North

China, Korean, and Japanese freight, and another at Manila, for the several Philippine ports, Manila to be classed as a foreign port, Singapore, C6lombo, or Point de Galle for the different Straits ports, Calcutta, Moulmein, Rangoon, Madras, and Bombay, if American-built vessels are employed to have 25 cents per ton for each ton of cargo carried either way, excepting in the case of the Philippines, where the coasting laws are in effect, together with a liberal allowance for carrying mail. These vessels should be allowed to carry Asiatic crews, as they would be more serviceable than Americans in the trade employed.

#### SCHEDULE OF ROUTE NO. 2.

A voyage from Seattle and San Francisco to New York, touching San Jose de Guatamala, Acajutla, Corinto, Callao, Antifogasta, Valparaiso, Montevideo, Rio de Janeiro, Pernambuco, and Bahai. Eight vessels employed, with a cargo capacity of 8,000 tons each, giving a monthly service, to steam 14 knots and cost \$500,000 each, aggregating \$4,000,000. Their allotment under the proposed plan would be:

16,000 tons per voyage, at 50 cents.....	\$8, 000
8,000 tons intermediate, at 25 cents.....	2, 000
<b>Total .....</b>	<b>10, 000</b>
12 voyages each way, at \$10,000 annually.....	240, 000
Mail subsidy, at \$10,000 per month.....	120, 000
<b>Total annually .....</b>	<b>360, 000</b>

In this instance the vessel would receive a subsidy in shipments from both ends, but would not receive any for through freight carried from American ports on the Pacific to American ports on the Atlantic.

#### SCHEDULE OF ROUTE NO. 3.

A voyage from San Francisco to Sydney, Melbourne, Adelaide, Australia, calling at Honolulu and Auckland, New Zealand. Four vessels employed with a cargo capacity of 5,000 tons each, giving a twenty-day service, steam 20 knots, costing \$1,000,000 each. Their allotment under the proposed plan would be:

5,000 tons per voyage, at 50 cents.....	\$2, 500
Amounting annually to.....	45, 000
Mail subsidy, \$15,000 per month.....	180, 000
<b>Total annually.....</b>	<b>225, 000</b>

All these vessels to be built from designs approved by the Government to be available for transports or auxiliary cruisers. To be privileged to carry Asiatic or other labor in the stewards' department. All other departments to be manned by bona fide American citizens who shall be enrolled in a naval reserve to be formed in connection with this law. Each man shall be compelled to give fifteen days annually to drill aboard a guard ship provided for that purpose, during which time he will be maintained and paid by the Government.

The foregoing figures are roughly made and are susceptible to a great deal of amendment, but they are sufficient to draw a comparison between the different routes and the various conditions pertaining to

each. Minute detail may not be necessary, nevertheless sufficient should be given to demonstrate my ideas. The different values I have placed on vessels might be confusing to the layman but are easily explained. The 8,000-ton vessel at \$500,000 is less speedy than the others and would be called upon for small passenger accommodation only. The 10,000-ton vessels have a greater speed but their passenger accommodation need not be great. The 5,000-ton vessel (capacity) being of greater speed and in a trade where she would have to cater to a large passenger business would probably have the same dimensions as the next larger class. Her cost of construction would therefore be proportionately greater.

Voyage No. 1 covers a route nearly 20,000 miles from end to end and touches ports that have a population of 600,000,000 million people tributary. The established trade is at present enormous but the field is susceptible of increase beyond measure. The great and only disadvantage to this line is that it will come into direct competition with the best organized and equipped steamship line in the world, having their agencies established in every port adjacent to the route. Nevertheless as far as their trans-Pacific trade is concerned they are dependent entirely on American importers and exporters and their transcontinental connection with the Northern Pacific Railroad. Withdraw this support and this end of their competition would cease; and there is plenty of trade for a competing line over the remainder of the route.

Mail could be carried as far as the port of Aden, including all intermediate countries. No doubt some compensation could be obtained from other sources besides our own for this service.

The matter of fuel will be an important one in establishing this route. At present cheap coal is obtainable at both ends and in Japan, which covers half the distance each way. There is no doubt but that oil could be profitably used on this line, supply depots being established where necessary. If coal can be brought from England to Alexandria or Aden, oil can be carried from the Black Sea to the same points more economically, also to Singapore. Oil carried from California to Japan with freight added would be cheaper than Japanese coal.

I have classed Manila as a foreign port, but on account of the peculiar conditions existing would make an exception in this instance and call it also an American port where the contingency demanded it. There is probably 50,000 tons of exports annually from the Philippines to European ports, and our vessels should have the maximum subsidy on this freight.

Voyage No. 2 terminates at each end at an American port, but must not be classed as coasting as the trade would be exclusively foreign. The principal disadvantages of this trade would be to overcome the present prejudices of the natives inculcated by the European colonists located in the several countries for purposes which are only too obvious, the determination of these same colonists to reserve the trade for the benefit of their mother country. Direct, regular, and constant communication would in time overcome this. In the meantime national aid, with the trade that is immediately procurable, will give the vessels sufficient remuneration to pay interest on the money invested.

On this route the experiment of using oil has been successfully made by the American-Hawaiian Line with their steamship *Nebraskan*, dem-

onstrating not only the perfect utility and economy of oil, but making a saving in time and giving an increased carrying capacity. The German line carries fairly good cargoes from this port and San Francisco, and there is no reason why our ships could not do so with proper encouragement from its inception, and there is no doubt that some subsidy could be obtained from the Peruvian, Chilean, Argentina, and Brazilian governments for the transportation of their mails.

Voyage No. 3 embraces a route already covered by an American line of steamships. It was inaugurated a number of years ago on account of the necessities of its promoters, but I suspect it has been maintained through patriotism and pride rather than a source of profit. They are magnificent vessels, and, although comparatively new, are not so speedy nor so economical as their owners expected. By placing a fleet of steamships on this route with a passenger accommodation inferior to none and a speed of 20 knots, it would command the bulk of the passenger traffic and the whole of the mail between Australia and Great Britain. The steamships between the two last-named countries consume thirty days, and a saving of five days could be made via San Francisco with such a line of steamers.

#### AN EXPENSIVE SERVICE.

To start a steamship line on the first two suggested routes would entail the expenditure of a large amount of money, establishing agencies and providing in advance for freight, etc. It would take probably \$300,000 on the first and half of that amount on the second. Furthermore, it would be two years or more from the date of the passage of the act before a vessel could be launched to apply. It will therefore be necessary for the Government to be exceedingly liberal to induce capitalists to take hold and enable them to carry out their plans to a successful issue. To this end the full amount of mail subsidy to be allowed should be paid at once. The Government could make such provision as would protect itself and compel the fulfillment of the complete contract.

Large aggregations of capital are required at the present day to build a modern merchant marine. Individual shipowners can not exist. It is therefore the duty of the Federal Government to extend its paternal assistance and grant to the industry its fostering care. It is questionable, but for Congressional aid, whether we would have a transcontinental railroad to-day, and although certain companies have defaulted in their obligations to the Government there has been no loss to the country or the people, as those roads have opened to settlement an empire that has produced hundreds of millions of dollars of the world's wealth.

#### TAKING ISSUE WITH CAPTAIN BATES.

Assuming it is the desire of this Commission to obtain all the information possible, so that an intelligent representation can be made to Congress, I feel compelled to take issue with a gentleman who is quoted as an authority on this subject, namely, Mr. W. W. Bates. In his *American Navigation* he recites the decline of American shipping, and gives as its cause the discrimination of Lloyd's committee against the wooden vessel. He repeats in detail the rules made to cover the classification of wooden vessels and the ratings they shall be granted,

characterizing the same as an injustice. He cites that in the sixties 90 per cent of the Pacific wheat trade was performed by American wooden vessels, and in 1890 the conditions were reversed in favor of the iron ship, the transformation being gradual from year to year, claiming this was brought about by the rigidity of Lloyd's rules in compelling a periodical survey and examination of the actual condition of the hulls of the ships.

The facts of the case are these: A large volume of tonnage was created for the California trade. These ships required return cargoes, and wheat was all that was available. Iron shipbuilding was then in its infancy, but their desirability was made apparent, and for that reason the shipowning community of Great Britain, which was always aggressive, taxed the builders to their utmost to supply the demand for tonnage, relegating the wooden ship to the bone yard so soon as they could be replaced. Wooden vessels when built would receive a rating enabling them to carry perishable cargoes for say seven years. At the end of four or five years, according to the material used in their construction, they were compelled to undergo survey. A shipowner wishing to keep his ship up for his own protection would undergo the same survey as required by Lloyd's rules, and just so long as her condition could be maintained she would be granted a certificate to carry wheat or other like cargoes.

But this condition could not be perpetually maintained. Wood will soften and decay, and fastening with continual straining, will loosen, and while one may refasten and renew, there is a limit, and when reached the old faithful is relegated to her place with her older sisters as a coal and lumber drogher. It would be pertinent at this time to remark that all American insurance companies are governed by Lloyds. I will also state the discrimination in freight rates to cover extra cost of insurance never exceeded 2s. 6d. per ton or less than 2 cents per bushel of wheat. Mr. Bates also makes the statement that the percentage of loss on American ships was much less than on iron ships engaged in the wheat trade. The reason of this is that after a wooden ship has reached a certain age she is never given a wheat cargo. Another thing should be borne in mind, underwriters never figure on nor anticipate a total loss, but on the possible damage to cargo, and the maximum risk in this direction lies with the wooden and not with the iron ship.

In concluding I will state that I have endeavored to be as brief as possible and cover the points I wished to make. The subject is large and comprehensive enough to fill volumes, but I realize the importance of the committee's time and close.

The CHAIRMAN. Captain, we are very much obliged to you for your interesting paper.

#### STATEMENT OF G. F. THORNDYKE.

G. F. Thorndyke appeared.

The CHAIRMAN. Mr. Thorndyke, in what line of business are you engaged?

Mr. THORNDYKE. I am in the steamship business, traffic manager of the Globe Navigation Company.

The CHAIRMAN. The Commission will be pleased to hear from you. Mr. Thorndyke.

Mr. THORNDYKE. Mr. Chairman and gentlemen of the Commission, preliminary to what is hereafter stated, it is proper to explain a little.

Previous to this honorable Commission's arrival on the Pacific coast, the idea presented itself that possibly you have not secured detailed information concerning particularly the volume of business carried in sailing vessels and slow-cargo steamers.

Others who are in closer touch with the questions relating to desirability of construction of fast-mail vessels embodying conditions permitting their availability as auxiliary cruisers or transports, are better prepared to deal with this phase—hence decision was made to show herein more particularly the Pacific coast situation, from a purely cargo-carrying standpoint.

American merchant shipping as a whole, so far as concerns ownership and operation on the Pacific coast, is in a pitiable condition, having been completely forced out of certain branches of foreign trade with us. Operators are now being forced to accept ruinous rates of freight in order to carry any share of our own home products to both foreign and domestic ports, through the unfair competition of vessels of foreign build and ownership.

Our customs records plainly reveal the fact that foreign vessels are continually driving American tonnage to the wall. Foreign tonnage is successful in taking more than the lion's share of commerce that ought rightfully appertain to American vessels wholly.

#### GOVERNMENT A COMPETITOR.

Whenever a cargo of American products destined for a foreign port is offered to the market there is always foreign tonnage ready and at hand to heavily underbid American vessels down to figures that American tonnage can not accept without heavy loss; this fact generally applies to all foreign ports, except possibly to Mexico, where our coast products are sold in such quantities that this trade does not attract foreign tonnage because of its insignificance; also, the Philippines, where return cargoes are practically impossible, yet, as if to assist foreigners in driving American shipping off the ocean, we witness the spectacle of our own Government operating a fleet of transports (all of which are of foreign build) for carrying business that ought to and rightfully and naturally does belong to the American merchant marine, and notwithstanding the excessive cost to the nation, amounting to hundreds of thousands of dollars per annum.

It is not my intention to discuss the relative cost on construction, operation, and subsistence of American, compared with foreign, vessels, because so much has been said and written thereon already, establishing well-known facts and figures, and in consequence it would seem useless to further discuss these points herein, but further on I shall submit an exhibit showing the greater cost in operating vessels on the Pacific Ocean over cost of operating vessels of similar size on the Atlantic Ocean. I will also abstain from going into the business of regularly established steamship lines operating from the Pacific coast on regularly appointed schedules, but will deal primarily with facts and figures concerning the carriage of bulk cargoes of grain and lumber—the two greatest products originating on the Pacific coast—and will show how unfairly competing foreign tonnage forces depression into our coasting business.

## SAIL NOT DISAPPEARING.

There exists a fallacious but very common idea whereby it is too often thought that sailing-vessel tonnage is altogether disappearing from the transportation of the world's over-sea business. Shipping records of the Pacific coast plainly contradict that view. Our customs records disclose the following fact: Out of a total of 644 vessels loading with grain and flour in 1903, and for the same year and five months of 1904 with lumber, aggregated 1,829,000 tons, only 44 of these vessels were steamships carrying 207,708 tons of the products stated.

For upward of twenty years the Pacific coast has exported bulk cargoes of lumber, but prior to 1898 the exportation had been principally confined to Mexico, Central and South America, and islands in the South Pacific Ocean. In the year 1898, however, our exports of lumber commenced to increase to other foreign ports of Australia, Africa, China, Japan, Europe, etc., until at the close of that year we had made the record of having exported by sea an aggregate of 208,780,000 board feet of lumber.

Where did the American vessel stand in the lumber trade of 1898? By following down the long list of customs clearings for the months of January, February, and March of 1898 you will find hardly a single entry for the clearance of a foreign vessel. Previous to the close of the three months stated over 90 per cent of lumber cargoes had been exported in American vessels; but by this time the trade commenced to interest foreign tonnage, for early in April of 1898 there began an active competition for our foreign lumber-carrying trade. During the succeeding nine months of 1898 foreign competition was so keen that the American vessels' average of 90 per cent (for the first three months of 1898) was cut down to 57 per cent of the total tonnage carried by the end of that year.

The percentages, by flags, of tonnage carried for 1898 were as follows:

	Per cent.		Per cent.
American .....	57. 60	Danish .....	1. 18
British .....	25. 42	Persian .....	. 95
Chilean .....	6. 38	Italian .....	. 52
German .....	4. 45	French .....	. 27
Norwegian .....	3. 13	Russian .....	. 08

## ONLY TWENTY-SIX PER CENT AMERICAN.

American vessel owners and operators would not complain had it been possible for them to have held the carrying business for foreign ports in as good a position as the showing made for the year 1898, but through the disadvantages under which American vessels were compelled to operate it was beyond human power for the American vessel owners to continue holding the position stated. During the years succeeding 1898 and up to the present year of 1904 on came the foreign fleets, and in greater numbers year by year, of the more cheaply built, more cheaply manned, and more cheaply subsisted vessels of foreign nations, until to-day we find the American ship almost completely driven out of the Pacific coast foreign lumber trade, every stick and every foot of which originates in this immediate territory. Look at the American vessels' lumber record for the year 1903 and the first five months of 1904. Out of an aggregate of 522,000,000 board feet



of lumber exported by sea American vessels carried but 26 per cent. Why do I say that the American ships carried even 26 per cent? It is hardly fair to say so, because when analyzing the exports it is found that the American vessels' position is not even as good as the 26 per cent stated, when you consider that among these exports are included the exports to Mexico, Central and South America, and the islands of the South Pacific.

The American vessel has held her position in the trade named, and why? Because that trade is unattractive to foreign competitors as a whole; the individual cargoes are usually smaller than will interest foreign vessels; besides, usually there is slight chance of return cargoes from these countries; hence, when analyzing the exports as a whole, and for the purpose of showing the American vessel's position in relation to foreign trade, cargoes destined for Mexico, Central and South America, and the islands of the South Pacific must be eliminated; we then find that American vessels carried to foreign countries in competition purely with foreign vessels of all nations only about 9.85 per cent of the aggregate board feet of lumber exported.

Below I submit a table for the year 1903 and the first five months in the year 1904, showing in detail the aggregate tonnage engaged in the foreign lumber trade, under what flag, aggregate of registered tonnage, aggregate and percentage by nations of cargoes in board feet, and (as far as practicable) average rates to various countries by flags, to which lumber cargoes were exported.

*Lumber, 1903.*

Flag.	Vessels engaged.		Class of vessels engaged.				Net registered tonnage.	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.	Amount.	Per cent.
American.....	129	41.88	5	4.88	124	96.12	<i>Tons.</i> 115,991	27.05
Austrian.....	1	.32	1				2,970	.69
British.....	113	36.68	20	17.70	93	82.30	209,467	48.84
Chilean.....	3	.97			3		3,679	.86
Danish.....	3	.97	1	33.33	2	66.66	6,429	1.50
French.....	5	1.62			5		8,569	2.00
German.....	27	8.82	2	7.40	25	92.60	46,270	10.78
Italian.....	5	1.61			5		6,696	1.56
Norwegian.....	18	5.83	2	11.12	16	88.88	23,857	5.56
Russian.....	2	.65			2		2,510	.58
Swedish.....	2	.65			2		2,503	.58
Total.....	308		31	10.00	277	90.00	428,941	

Flag.	Total cargo carried.		Charter price to—				
	Amount.	Per cent.	Europe.	South Africa.	Australia.	Asia.	West coast.
American.....	<i>Feet B. M.</i> 120,256,301	30.55		\$13.43	\$9.60	\$9.30	\$10.00
Austrian.....	1,545,065	.39					
British.....	185,583,852	47.09	\$12.16	12.70	8.95	9.68	8.23
Chilean.....	3,584,775	.92					
Danish.....	5,891,461	1.50		13.61			
French.....	7,152,575	1.72	9.68	11.49			
German.....	39,645,279	10.06	12.70	18.61	7.50		
Italian.....	5,294,261	1.35	9.68				
Norwegian.....	20,766,075	5.27					
Russian.....	1,870,643	.48		12.00			
Swedish.....	2,636,238	.67					
Total.....	390,226,524		11.05	12.80	8.68	9.50	9.11

## Lumber, 1904 (first half).

Flag.	Vessels engaged.		Class of vessels engaged.				Net registered tonnage.	
			Steam.		Sailing.			
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.	Amount.	Per cent.
American .....	33	29.46	1	3.33	32	96.67	<i>Tons.</i> 32,400	19.14
Austrian .....	1	.89			1		1,829	1.08
British .....	55	49.11	3	5.45	52	94.55	95,765	56.55
Chilean .....	1	.89			1		1,176	.70
French .....	3	2.67			3		4,914	2.90
German .....	15	13.40	1	6.66	14	93.34	28,825	16.73
Italian .....	2	1.79			2		3,096	1.82
Norwegian .....	2	1.79			2		1,830	1.08
Total .....	112	100.00	5	4.46	107	95.54	169,335	

Flag.	Total cargo carried.		Charter price to—				
	Amount.	Per cent.	Europe.	South Africa.	Australia.	Asia.	West coast.
American .....	<i>Fret B. M.</i> 32,450,925	22.73		\$13.20	\$7.98	\$8.87	
Austrian .....	1,506,275	1.55					
British .....	75,545,003	52.95	\$13.30	12.28	9.10	8.60	\$7.25
Chilean .....	942,565	.06					
French .....	4,090,687	2.86			7.85		
German .....	24,521,213	17.18	12.10	12.40	8.60		
Italian .....	2,271,175	1.59					
Norwegian .....	1,396,387	.98		12.10			
Total .....	142,746,230						

NOTE.—By reference to the table for 1903 of the lumber business of the Pacific coast it will be seen that American vessels carried 30.55 per cent of the aggregate tonnage exported to foreign countries. Now, by reference to the table for 1904 it will be seen that during the first five months of this year American vessels carried but 22.73 per cent of the aggregate amount in board feet of lumber shipped, showing a shrinkage of nearly 8 per cent in five months, thereby indicating how rapidly the trade is being lost to American vessels.

It will be noticed from above table that in every instance American vessels required higher rates of freight to all countries.

During the years subsequent to 1898, of great increase in our lumber exports, what was the American vessel owner doing to provide tonnage sufficient to meet the demand? He caused to be built hundreds of vessels especially adapted to engage in the foreign lumber-carrying business, and although generally of the finest type of existing lumber vessels, still, owing to disadvantages under which they were compelled to operate, foreign vessels continued to outbid them for the foreign trade, with the result that during the years 1901 and 1902 an aggregation of upward of 200,000 tons in American vessels was tied up and compelled to remain idle in our harbors. Early in 1903, however, after foreign vessels had got through cutting rates and fighting for our business among themselves, they finally so completely demoralized rates to foreign countries that they themselves ultimately got to that point where even they had to refuse to accept rates thus forced down, and commenced to sail their vessels away from the Pacific coast in ballast, going to any port where it was thought possible to secure cargoes to their home ports.

During the early months of 1903, owing to the fact that what foreign vessels remaining on our coast refused to accept the ridiculously low rates being offered for lumber, a temporary but slight increase in lumber freights to foreign countries took place, which enabled most

of American idle tonnage to again enter the foreign trade, but almost immediately thereafter, as soon as better conditions for American ships appeared, then again foreign tonnage commenced to successfully compete, and to day it is next to impossible to secure a charter for an American ship with lumber that will even make a net return for round voyage equal even to cost of her operating expenses.

"AWAITING ORDERS."

Almost daily announcements are now being made of the arrival of American vessels at various Pacific coast ports, their masters announcing the fact of awaiting orders. This is equivalent to masters announcing that no business is in sight for their vessels, and likewise equally equivalent to the expectation that their vessels will have to "lay up."

At present, in Pacific coast ports, we have an accumulation of idle American tonnage in excess of 35,000 registered tons, together with a present additional accumulation of idle foreign vessels exceeding 80,000 registered tons, with a mammoth list of vessels from foreign ports now on the way to this coast, and yet to arrive, exceeding 306,000 registered tons; obviously this does not include tonnage yet to sail, say within the next three months, Pacific coast bound.

Viewing the extraordinarily heavy tonnage yet to arrive, together with the idle tonnage already here, what is the future indication? It most positively foreshadows that, if the present conditions continue for the remaining months of 1904, during the approaching winter we will see in our harbors the greatest aggregation of idle American tonnage, tied up and out of commission, that has ever before been assembled upon this coast.

ONLY HALF PROTECTED.

When we complain to our friends and neighbors that our coastwise freights and conditions are in bad shape, and that our vessels engaged in that trade are making no profit and even losing money, we are always asked if we do not possess ample protection through our Government coasting laws. Yes; we have, so far as coasting laws affect the situation. I have already made mention of frequent accumulations of idle vessels whose business ought to originate in the foreign trade, yet they can not operate therein.

It is very expensive to lay a vessel up, for the reason that fixed charges and insurance (if any) amount to a large aggregate cost in a few months.

If American vessels that should find employment in foreign trades are forced into coastwise trade by being forced out of foreign trade the result, as experience has taught us for several years back, is that there is always a more or less abnormal aggregation of tonnage offering for coastwise business with the inevitable result that coastwise freights are equally as badly demoralized as are foreign freights.

WAGES ON PACIFIC AND ATLANTIC.

Let me present an illustration comparing some of the conditions obtaining on the Atlantic coast with those existing on the Pacific; for the purpose of comparison my illustration will show some of the

expenses of operating a 700-ton schooner in the Atlantic coasting trade and the same expenses of similar sized vessel in the Pacific coasting trade. My figures are based upon reliable information.

	Monthly.	
	Atlantic coast.	Pacific coast.
Captain .....	\$100	\$100
Mate .....	50	60
Second mate .....	35	40
5 seamen, at \$30 each .....	150	.....
5 seamen, at \$40 each, 1 at \$45 (donkey driver) .....	.....	245
Cook .....	35	55
Cabin boy .....	20	30
Total wages for a ship's company of 10 .....	390	.....
Total wages for a ship's company of 11 .....	.....	530

The above figures show that wages alone (for operating) on the Pacific coast exceed the Atlantic coast by 36 per cent.

Subsistence for ship's company on the Pacific coast, at a moderate estimate, exceeds the Atlantic coast by 15 per cent at least.

Stevedoring to load and discharge on the Atlantic coast costs 90 cents per thousand feet; on the Pacific coast same service costs \$1.25 per thousand feet—an increase in cost against the Pacific coast of 39 per cent.

Anybody familiar with the subject will readily grant that it costs 10 per cent more to build wood vessels on the Pacific coast than to build the same type of vessel on the Atlantic coast.

The above figures are only of importance in that they illustrate conditions of cost of carrying contrasted with comparative distances carried and freight rates for carrying said distances.

#### A COMPARISON OF FREIGHT RATES.

Government charts show the distance between Savannah and Philadelphia as 664 miles, between Charleston and Philadelphia as 594 miles.

I am recently and reliably informed by brokers in New York that the normal rate of freight by sailing vessel on pine lumber from Savannah and Charleston to Philadelphia is from \$5 to \$5.50 per thousand feet; mark you, the distances from Savannah and Charleston to Philadelphia are 664 and 594 miles, respectively, for which distances the Atlantic vessels get \$5 to \$5.50 per thousand feet for carrying lumber between the ports named.

Compare these rates with rates existing for sailing vessels between common ports on the Pacific coast.

The distance between the average port on Puget Sound and San Francisco, by steamer, is 820 miles, by sailing vessel naturally much greater; yet to-day, and for over two years, the rate between those ports has been usually \$4 per thousand feet for lumber, and only twice, and for very short periods, have the rates been as high as \$4.50 per thousand feet.

#### ON THE LAKES.

Representative MINOR. Four dollars a thousand on lumber for 820 miles?

Mr. THORNDYKE. For 820 miles—that is, by steam.

Representative MINOR. We are carrying it on the lakes the same distance for \$1.75 a thousand.

Mr. THORNDYKE. The conditions for loading a vessel on the lakes create a great difference.

Representative MINOR. We have trouble in securing labor just the same. It seems to me that that is a pretty fair freight rate.

Mr. THORNDYKE. But consider that the vessel carries a million feet of lumber and has to lie over twenty-five working days in order to get a cargo.

Representative MINOR. We move on the lakes. We do not do that way. We load in forty-eight hours.

Mr. THORNDYKE. Those are the conditions here and must necessarily be so. It sometimes takes possibly forty to fifty days to load and discharge cargo. The ship is in no wise to blame for that.

Representative MINOR. Of course I am not familiar with the way of doing business here, but we do not have any of those delays.

Mr. THORNDYKE. It is impossible to secure a contract for lumber on board on Puget Sound in excess of 50,000 feet a day in loading the vessel. What occasions that is because they have various kinds of vessels to load. They are getting out lots of different orders and they will not contract to take a vessel if you demand over 50,000 feet a day.

The CHAIRMAN. Kindly hasten over that phase of the subject, because it relates to the coasting trade, with which we are not dealing.

Mr. THORNDYKE. Yes, sir; I simply brought up that matter for the purpose of showing how we are generally hard up.

#### MORE COMPARISONS.

San Pedro and San Diego, distant in excess of 1,400 miles from average Puget Sound ports, enjoy the freight rate for sailing vessels of \$5 per thousand feet to-day; and for upward of two years the rate has usually been the same figure; in only two instances, and for very short periods, has the rate risen as high as \$5.50 per thousand feet.

I am reliably informed that up to a very short time ago the normal rate on bulk coal between Baltimore and Boston has been \$2 per ton. Recently, I am informed, that rate has been reduced to \$1.25 per ton. On consulting the Government chart we find the distance between Baltimore and Boston to be probably 641 miles. The distance between Puget Sound and San Francisco, for steamers, as before mentioned, is 820 miles; yet the present rate on bulk coal between said points does not exceed \$1.25 per ton.

I have no doubt that the Atlantic vessel owner feels he is being very poorly paid for the operating of his vessels in the trade in which they are engaged. Consider what his position would be if he was operating similar sized vessels on the Pacific coast, built at an additional cost of construction and operated at an additional cost (in different departments as stated) of from 15 per cent to 39 per cent, the distance between ports being over twice as great.

The above simply shows conclusively that Pacific coast vessels are forced to carry cargo too cheaply, and thus forced because of the presence always of a large accumulation of American tonnage driven out of foreign trade, as here shown, with the result that Pacific coast American vessels, in certain branches of trade, are steadily and heavily losing money through their operation.

I have talked with many owners of bulk cargo vessels employed on the Pacific coast, and I have failed yet to find any owner who has received any dividends for over two years from such investments. Some of these owners have informed me that instead of receiving dividends they hear nothing from their vessels only when "Irish dividends" are declared, and they are forced to "dig up" from their pockets to cover deficits in consequence.

#### SAIL VESSELS PREFERRED.

I have made mention in this paper of the fact that it is a common but erroneous impression that sailing vessels are disappearing from the ocean carrying trade, and I have given some figures below that will serve to illustrate that sailing vessels are a very prominent factor, especially in the Pacific coast trade. It must also be understood that sailing vessels necessarily will always remain a very prominent factor in the Pacific coast foreign commerce, because steamships are not adapted to our foreign lumber trade, incident to the fact that the necessary interior arrangements of steamers are bound to always militate against their economical loading and discharging; besides, the operating cost and fixed charges of steamers are so much greater that it is unprofitable for steam to engage in the lumber business in competition with sailing vessels; hence, if for no other reason, mill companies can not and will not give the necessary dispatch beyond the employing of but a few steamers yearly.

There are isolated cases (as my table above illustrates) where steamers are sometimes loaded with cargoes of lumber; but my figures also plainly show they are very insignificant as a whole.

By jumping at a conclusion, it would seem obvious that although American vessels have suffered thus materially because of the great depression in both coastwise and foreign freights during the past two or more years, yet during that same period Pacific coast lumber producers have oppositely received great benefits, owing to the increased output low freights naturally stimulate. I grant that for about four years past the lumber producers on the Pacific coast have been very prosperous, but now it is different.

Two years ago our lumber dealers were receiving \$12 and \$14 per thousand for rough merchantable lumber, while to-day those prices are reduced, respectively, to about \$8 and \$9 per thousand. One of the principal causes for this reduction lies through the fact of having overstocked both the foreign and coastwise markets with lumber, so there is not nearly so great a demand for lumber as existed for a long period in the past. Our lumber exports for the first five months of 1904 show a falling off in excess of 30,000,000 feet, board measurement. If the present conditions continue to December, 1904, the shortage in lumber exports from the Pacific coast will exceed 73,000,000 feet, board measurement. With demand thus shortened and prices cut down, lumber producers are having and will continue to have "hard times."

The wheat trade from the Pacific coast will always employ a heavy sailing-vessel tonnage, for the simple reason that these vessels are convenient to use as warehouses for the period of from four and a half to five months that they are en route between ports, and for that reason alone they will continue to be so employed.

Grain operators in the United Kingdom do not want cargoes to be a

short time en voyage; if otherwise, there is not time enough to negotiate sales, nor have operators the necessary space to store cargoes of grain when forwarded with "steamer dispatch."

#### THE PACIFIC GRAIN TRADE.

Let us look into the subject of grain trade as carried in vessels over sea from the Pacific coast. In consulting the records of American shipping we find in the latter seventies and early eighties that American vessels carried a majority of the grain cargoes from the Pacific coast to foreign countries, but in the early eighties foreign vessels commenced to appear and rapidly became an important factor in the grain trade. We find as late as 1885 that American shipowners were building vessels for the wheat trade between the Pacific coast and United Kingdom, and sailing them from European ports to New York in ballast, then taking cased oil from New York to the Orient, and again returning to the Pacific coast, sometimes with oriental products, but usually in ballast; but the rapidly increasing tonnage of foreign-built steel sailing vessels commenced to make inroads upon American shipping, and made such inroads and so rapidly that American ships soon lost the majority of the trade described, and year after year American tonnage thus engaged continued to diminish until we arrive at the year 1903.

During the year 1903 we find that there was about a normal exportation of grain and allied products from the Pacific coast, but we find also, instead of American vessels being a prominent feature in this trade, they are relegated to the comparative position of some of the very smallest vessel-owning countries in the world.

In the year 1903 our shipping records show that there was exported from the Pacific coast to foreign countries an aggregate in excess of 785,000 tons of wheat, barley, flour, etc.

#### ONLY ONE AMERICAN.

The customs records show the departure from Pacific coast ports of an aggregate of 230 vessels for the year, 119 of which were British, 78 French, 22 German, and 1 only was American, the balance being made up of vessels sailing under the flags of various countries. I have a note regarding that vessel, which shows she is not an American vessel.

Representative HUMPHREY. The one American vessel was not an American vessel?

Mr. THORNDYKE. It was really not an American vessel, but a foreign-owned vessel that seeks the protection of the American flag. I can not understand how that comes true, but it is the record.

We therefore have before us the cargo tonnage of this fleet and the spectacle of British vessels carrying in excess of 54 per cent of the aggregate, French vessels in excess of 30 per cent, German vessels in excess of 9 per cent, while American vessels carried only 0.45 per cent—verily, a spectacle for gods and men!

It is a well-established fact that American wooden sailing vessels, built in the Atlantic coast yards late in the seventies and early in the eighties, and averaging a net tonnage of from 2,000 to 2,200 tons, cost, in round figures, \$145,000 each. About that time foreign owners com-

menced the construction of steel sailing vessels of about the same tonnage, costing, in round figures, about \$15 to \$50 per ton, or a maximum cost for a vessel as described of about \$90,000 to \$100,000.

Immediately American wooden vessels were completely outclassed in competition for trade, the American vessel, with her greater initial cost, her greater cost for upkeep, and her greater cost for crews and subsistence, began to disappear from the foreign grain-carrying trade. When it was found that American wooden vessels could not and did not compete, for a while an experiment was tried of building American steel sailing vessels, but it was immediately found this course would not work, because such steel vessels built in the United States cost much more for construction, yet were not more effective than British vessels; thus, ultimately, American vessels were forced out of the grain trade, and to-day are completely shut out from the bulk grain-carrying trade originating on the Pacific coast.

#### THE WHEAT FLEET.

Below is submitted a table showing the number of vessels engaged in the grain-carrying trade from the Pacific coast to foreign countries in the year 1903, the percentage per flag, number of steam vessels and percentage per flag, number of sailing vessels and percentage per flag, registered tonnage and percentage thereof per flag, total cargoes in tons and percentage thereof per flag.

Flag.	Vessels engaged.		Class of vessels.				Net registered tonnage.		Total cargo carried as tons of grain.	
			Steam.		Sail.					
	Num-ber.	Per cent.	Num-ber.	Per cent.	Num-ber.	Per cent.	Amount.	Per cent.	Amount.	Per cent.
							<i>Tons.</i>		<i>Tons.</i>	
American.....	1	0.44			1	0.47	1,987	0.45	8,555.25	0.45
Austrian.....	2	.88	2	13.34			5,456	1.22	7,369.60	.93
British.....	119	51.72	8	53.34	111	51.63	242,751	54.49	368,009.15	46.60
Danish.....	2	.88	1	.66	1	.47	4,684	1.05	11,498.55	1.46
French.....	78	33.91			78	32.26	134,680	30.23	299,410.85	38.11
German.....	22	9.56	2	13.34	20	9.30	44,408	9.97	78,013.95	9.93
Italian.....	3	1.29	1	.66	2	.93	6,106	1.37	10,369.21	1.33
Swedish.....	1	.44			1	.47	1,467	.33	2,555.10	.32
Norwegian.....	1	.44	1	.66			1,612	.36	3,624.00	.46
Uruguayan.....	1	.44			1	.47	2,356	.53	3,082.25	.39
Total.....	230		15	6.52	215	93.48	445,507		785,487.40	

NOTE.—I find upon close examination that these figures do not include all part cargoes of wheat and barley and their products exported in regularly established lines between the Pacific coast and the Orient, and that the shipping records from which this data is taken deal almost exclusively with bulk cargoes of the commodities named.

Observe that the one American vessel dispatched from the Pacific coast in 1903 with grain for foreign countries was formerly the German ship *Giblermeister*, afterwards the British ship *Zemindar*, and at present named as the *Homeward Bound*, registered under the American flag, concerning which I am reliably informed as follows:

"This vessel has the American flag, but she is not allowed to carry cargo between two American ports, so she is no better off than under a foreign flag, except that being wholly owned here by Americans, in case of necessity they could appeal to the Government for protection. This is we understand, the only benefit they might derive. San Francisco parties own thirteen-sixteenths of her."

Representative HUMPHREY. Who is the owner of that vessel?

Mr. THORNDYKE. I know who owns it, but I do not like to give the name. She is owned in San Francisco.

The CHAIRMAN. Was she not given an American register by act of Congress?

Mr. THORNDYKE. The correspondent who informed me did not state



particularly on that point, but I have since heard that it is not necessary for a vessel to be given an American register in that way, provided she is divided up into sixteenths.

The CHAIRMAN. She undoubtedly was given an American register.

Representative MINOR. She was given a register on the plea of the captain, who said it would ruin him if we did not give it. I remember the case.

The CHAIRMAN. I remember it now.

#### THE SIGNIFICANT FRENCH INCREASE.

Mr. THORNDYKE. In submitting this table attention is invited to the number of French vessels employed, which you will observe to be 78 in number with an aggregate registered tonnage of 134,680 and an aggregate tonnage of grain carried of 299,410 tons.

It will be observed by reference to the statistics for the year 1902 that but seven vessels sailing under the French flag were engaged in the grain-carrying trade from the Pacific coast.

In 1900 and 1901 they were very few in number, and for the years prior to that it is almost impossible to find a vessel under French register appearing anywhere in the trade.

It will be observed, by referring to the following table, that an excess of 33 per cent of the aggregate tonnage now bound from foreign countries to the Pacific coast is under the French flag. By revolving these figures in one's mind it is very easy to see what ship subsidies (under the French law) have done for the French merchant marine; but in addition to what is shown, there is one fact which those figures do not show—i. e., that the subsidy which French vessels are given permits them to enjoy an advantage over the shipping of all other nations, because they can secure cargo against all competitors, but never have to remain idle in any port for any extended period.

*Tonnage to arrive on Pacific coast.*

Flag.	Vessels engaged.		Registered tons.	
	Number.	Per cent.	Amount.	Per cent.
			<i>Tons.</i>	
American.....	15	8.94	16,710	5.47
British.....	68	40.48	134,340	43.82
Danish.....	2	1.18	2,192	.73
French.....	56	33.34	98,031	31.95
German.....	22	13.09	45,075	14.70
Italian.....	3	1.78	7,063	2.35
Chilean.....	1	.59	1,178	.39
Russian.....	1	.59	1,728	.59
Total.....	168	99.98	306,647	100.00

NOTE.—None of the 15 American vessels, with an aggregate of 16,710 tons, appearing in this table are returning from foreign ports to which they sailed with wheat cargoes. A majority of the American vessels included herein are returning from voyages to Mexico, Central and South America, and the ports of the islands of the South Pacific.

Do not understand me as claiming that vessels of foreign nations engaged in the trades previously outlined are all making money; but, to the contrary, it is my opinion in many cases that foreign vessels competing as shown are losing money heavily upon a "dog in the manger" policy of neither making money for themselves nor allowing American owners to make any.

Earlier herein I state that this competition is unfair, and I reiterate its unfairness; a foreign vessel comes here, and must again go home; rather than go home with empty holds she preys upon our markets and accepts cargo at any rates that will merely secure the business.

#### THE CASE OF THE CAITHNESS.

For illustration, take the case of the large British steamer *Caithness*, which arrived on the Pacific coast a short time ago from oriental ports, seeking United States Government cargoes of lumber for Manila. It just happened that it was expedient to give this lumber cargo to American vessels; so, after the Englishman's disappointment, what does he do? He raked the market with a fine-toothed comb from San Diego to Puget Sound, and ultimately found that by offering a ridiculously low rate, he could secure a cargo of lumber from Puget Sound to Shanghai, China. The normal rate on lumber to that port for steam vessels is 40 shillings to 45 shillings, and sometimes 50 shillings. What did the owners of the *Caithness* then do? In order to interest shippers to an extent that would give the necessary dispatch to enable their vessel to leave here as soon as possible, they slashed the rate to 27s. 6d. It is impossible under any conditions for any ship of any flag to make a profit on the business named at such a figure. The case of the *Caithness* is cited merely as a single illustration, although the past has seen very many instances of a similar nature.

The navigation company with which I am associated was organized three years ago last spring. They started in the ocean carrying business under what seemed to be most excellent prospects, that is to say, all their tonnage was perfectly new. We own and operate three steel steamers of eastern build, and five large wooden sailing vessels built locally, although it was the original intention of the capitalists interested to construct locally a fleet of nearer 20 sailing vessels. Of our fleet of steam vessels the oldest does not exceed 4 years and our sailing vessels have all been launched between February, 1902, and June, 1904. Thus it is readily seen that our whole fleet is practically new, and yet we have not been able to attain to a dividend-paying position; instead the tendency is to the contrary, and with an outlook constantly on the downward trend, toward making the situation more and more difficult, even to leading finally to adverse results very far removed from pleasant contemplation.

Again I wish to explain, in order to avoid misunderstanding, that not all of our Pacific coast water lines are losing money. On the contrary I feel sure that certain regularly established lines carrying large numbers of passengers between Puget Sound and Alaskan and Californian ports are doing well. Probably the lines thus operated are making fair returns for their investment, but it is obvious that we can not all engage in the passenger and fast freight carrying business. If that were possible no concern would make any profit. But when it comes to carrying bulk cargo oversea, either coastwise or foreign, absolutely no concern has made any money. It has long since ceased to be even a question of making money, but has descended to burning questions of retrenchment and reduction of expenses to a point that will permit a continued stay on earth.

## A RADICAL REMEDY NEEDED.

Some radical prescription is now in order toward curing the present condition of the American carrying trade, and it should be administered quickly and in large doses in order that American vessels can continue existence even, and to an extent proper and commensurate with our national greatness. It does not matter so much how the assistance comes, but it must be governmental in its character. If proper assistance does not come and present conditions are permitted to continue, the competition of foreign vessels will "break" every American company engaged in the over-sea bulk-carrying business. I do not consider that I am competent to suggest what the method or character of desired assistance shall be, yet I would suggest a failure to see wherein a discriminating duty in favor of American vessels as against foreign vessels will be of material assistance. For instance, suppose that the duty on a large number of bulk cargoes of coal arriving on the Pacific coast from Australia were to be refunded, the average cargo would probably not exceed 1,500 tons, which would mean an average rebate to an American vessel (were she fortunate enough to secure such cargo) of only about \$900.

What good is to be found in governmental assistance amounting to only \$900 for a vessel that has been on a seven to eight months' voyage? So little as to practically amount to next to nothing at all. In order to adequately protect an American vessel of 1,000 tons on such a voyage governmental assistance resulting up to nearly \$2,500 would have to be added to her freight earnings. It is further suggested that we can hardly see wherein American vessels would be adequately assisted if an export bounty accrued to their benefit; in fact, for the practical exploitation of any method, excepting one constantly accruing per 100 miles (to every American vessel which sails over the "blue water"), it would seem absolutely necessary for a Government ship subsidy sufficient in extent to cover and protect vessels at present operating in the foreign trade and to provide for vessels Americans must build in order to replace their depleted fleets.

## SOME SMALL RELIEFS.

There are some small reliefs that can easily be afforded that at the present time serve to burden American vessels. For instance, the tonnage tax. While a comparatively small item, yet when an American vessel is homeward bound from a seven or eight months' voyage and has to pay 6 cents a ton in order to enter her home port it becomes quite a burden. Again, it might be arranged so that foreign vessels must pay certain fees in our ports which they do not at present pay. There is hardly a foreign country in the world of any importance wherein vessels do not have to pay light dues, harbor dues, and compulsory pilotage, while we have none of those charges in American ports. While, as before stated, such a course will be a small thing, yet it will have a tendency to compel the foreign vessel owner to somewhat increase his rates in competing for business.

Another thing that might be done that will be of vast service and assistance to American vessels is the further restriction to the placing under American register of foreign-built vessels. It would seem that the process of placing a foreign vessel under the American flag is a

very easy one. The method now employed should be thoroughly investigated, which will doubtless show that it would be far more desirable for the interests of American vessels for legislation, etc., to become effective, whereby greater difficulty shall appertain to foreign vessels gaining the privilege of sailing under the American flag. Board of survey requirements of merely a nominal valuation to start with, thereby making the percentage of American work ordered by law to be very small accordingly, simply permit foreign-built vessels (of much less cost to construct, but just as effective as similar vessels of American build) to come into ruinous competition with our American vessels. For instance, there are lying in the harbor of Seattle to-day seven steamers, which at different times have been engaged in the coastwise Alaskan trade, some of them for a period of years. These vessels are thus "laid up" to-day because of their having been forced out of business. The following illustration makes this plain:

#### AMERICAN REGISTRY TOO EASY.

First voyages from Seattle for Nome, Alaska, in the present season of 1904 consisted of an aggregate of 14,818 registered tons. Of this list 8,298 tons were old foreign-built vessels—that is to say, 56 per cent of the tonnage stated. Three of said vessels have been purchased here within the last seven or eight months at an alleged gross cost to owners of a sum far insignificant for the three in comparison with the original cost price of the steamer *Senator*, one of the most costly of the American-built vessels in this trade; yet each one of the three foreign-built vessels is just as effective as is the first-class new steamer *Senator*, of very high cost. The three vessels referred to were driven out of the Pacific coast-China trade by foreign competition, incidental to their antiquity, and, as all vessels on the Pacific coast do when driven out of foreign trade, they commenced at once to prey upon the coastwise business. Strange to say that out of the aggregate stated of 8,298 tons of foreign-built vessels, it is commonly reported that not one of them passed through the regulations presumed to pertain to vessels seeking an American register. It is well known that the United States Government has passed laws covering this contingency, but more must yet be done.

Every step made after the commencement of proceedings toward admission of foreign-built vessels to American register, particularly everything incident to the appraising of values and of repairs made, should be conducted by regularly appointed and responsible Government officials. If this is done, and the regulations fully carried out, there will be much less trouble with this kind of competition in the future.

#### WITHDRAW THE TRANSPORTS.

If the Government would withdraw the fleet of transports now in operation to the Philippines (also sometimes operated to coastwise ports), such action ought to work incalculable good, provided fair distribution of business is made among American vessels; it is exceedingly disheartening to observe a Government transport calling at our Pacific coast ports and carrying forward from 9,000 to 10,000 tons of cargo or, in some instances, from 3½ to 4 million feet of lumber three or four times a year, especially when American vessels are lying idle and seeking cargoes.

It is quite commonly stated that a full rigged American sailing vessel customarily leaves in her home port for general trade about \$5,000 per voyage; from this point of view it would seem that if the generality of American tradespeople and mechanics understood accordingly they would readily see the benefits obviously accruing therefrom incident to operating a largely increased number of American vessels.

The foreign-owned vessel buys practically nothing in American ports; such vessels are stocked and stored at their home port or other initial port of departure with supplies for the round voyage intended to last, in principal items, until arrival home. Be it the case of a sailing vessel, it is contemplated that eighteen months will be consumed until the vessel returns to her home port; or, in the case of a steamer, it is expected that she will be away from her home port for eight or nine months.

For an illustration, take the 644 vessels sailing in 1903 from Pacific coast ports with cargoes for foreign ports; had they been under American register it is fair to believe that they would have disbursed in our Pacific coast ports in excess of \$3,000,000 for supplies, stores, repairs, etc.; it would, therefore, seem that this phase of the investigation is well worthy of consideration.

Gentlemen, I thank you for your kind attention.

#### STATEMENT OF ROBERT M'FARLAND.

The CHAIRMAN. The Commission are very desirous to conclude this hearing before adjournment for luncheon, inasmuch as we are scheduled to be in Tacoma this evening, and if the gentlemen who are to follow would abbreviate their remarks as much as is consistent it would be appreciated. I will ask Capt. Robert McFarland if he is prepared to submit some observations to the Commission.

Mr. MCFARLAND. Mr. Chairman and gentlemen of the Commission, I am pleased to meet you and pleased to see that you are engaged in looking into the Western shipping business. I am from the city of Everett. The city of Everett sends to you hearty greeting. I was requested last evening quite late by a representative of the chamber of commerce to appear before you to-day, merely to let you know that we are living up there. I must say that I have very little to present, and I have no statistics to trouble you with. I wish to make a very few remarks. I will detain you but a very short time.

The Chamber of Commerce of the city of Everett wish to say to you that they have no special plan which they wish to recommend to you for the betterment of the American merchant marine.

#### IN ACCORD WITH ANY PLAN.

They realize that this is a great question and it is worthy of the best talent that the country can produce. While they realize the condition which the merchant marine is now in, they see no chance for any decided improvement except through the intervention of the General Government. Whether this shall be through direct subsidies or differential duties they do not feel competent to advise. But they do wish to say that they will be heartily in accord with any plan which will permanently relieve the situation.

I wish to say in looking over the situation it would appear that the

American seamen in our foreign shipping service are in about as bad a plight as our ships, and it might be as well to take them into consideration. If we should succeed in increasing our ships and fail to man them with American seamen, we should fail in part of that which every patriotic American citizen hopes for. I have thought that it might be advisable for the Government to pay to every American-born seamen a stated amount per month for every month which he shall serve in an American ship in foreign trade, but let this depend on his ability and good conduct while in service. This would improve the morale of the seaman and also help the shipowner to procure an American crew at a lower wage.

If there should be objection to this proceeding these seamen could be classified as naval reserves, liable to be called on for service at any time in the United States Navy. This plan would create a naval reserve and would induce young Americans to take up a life on the ocean.

#### A NAVAL RESERVE.

The CHAIRMAN. Captain, we are paying out a great deal of money in this country for the National Guard, which is intended to be a reserve for the Regular Army in certain contingencies. Why should not the Government do something of a similar nature for the Navy by encouraging young men to form a naval reserve which in contingencies might be called into requisition? Do you know of any objection to that?

Mr. McFARLAND. No, sir; I do not; and I have wondered a great many times why the matter had not been earlier taken up. There are a great many things to recommend it, while there are very few against it. I think it is generally conceded by about everyone now in the United States that this country must have a navy second to none in the world if we intend to hold the position we are entitled to throughout the world, and to man that navy it seems to be imperative that we shall ship American seamen. Certainly you do not want to see it largely go to Lascars and South Sea Islanders, such as at present man the greater part of the ships that are doing the oriental business.

I was in the Government service, in one of the Canadian Pacific steamers, a few years ago while she was chartered by the United States Government and every man on board her, except officers, was a Lascar. The captain told me he was giving \$8 a month to pay them. Now, those same steamers are running this trade to the Orient, which these steamers from the sound will have to compete with in business, and they are paying \$8 a month for their men where our people are paying about \$40. Also, I understand that those steamers are pretty heavily subsidized by the British Government. I refer to the line that is running from Vancouver.

It does seem to me as though it was necessary, and it looks to me personally as though the only show for our American merchant marine is for direct help from the General Government. It seems as though in order to be effective the measure should be somewhat radical.

I do not wish to intrude on you, gentlemen, any advice or my particular opinions. I expect you have had lots of plans and schemes and lots of advice. You have been loaded down probably, or you will be before you get through. I hope you will survive it though. But among the whole we do hope that you may be able to select some

plan, whatever it may be, to give assistance in this matter. It certainly appears very vital to the interests of the United States at large. Gentlemen, I thank you.

**STATEMENT OF J. C. FORD.**

J. C. Ford appeared.

The CHAIRMAN. Mr. Ford, am I correct in assuming that you are vice-president and general manager of the Pacific Coast Steamship Company?

Mr. FORD. Of the Pacific Coast Company, which owns the Pacific Coast Steamship Company. The Pacific Coast Steamship Company is one of our subsidiary companies.

I wish to say that I have not prepared anything on this subject and I regret having to come before you at this time of the day. But I want to add my voice to what has been said heretofore by the other gentlemen who have been before you in favor of the proposition to do something to encourage the American foreign marine. I think we all realize that certainly something is necessary to be done in that direction.

The company of which I am manager is not engaged directly in foreign commerce. We are engaged almost exclusively in the coast-wise business. Very little of that is between American and foreign ports. On that business we come in competition with foreign vessels. However, the bulk of our business is exclusively between American ports, and we do not feel the need of aid from Congress to the same extent our friends here do, who are in the exclusive foreign business. On account of our not being directly interested, I have not given this subject any special study. I have listened with a great deal of interest to the very able papers that have been presented here, and I have no doubt that you, gentlemen, will find the best remedy, and will recommend it to Congress.

**THAT BRITISH-MEXICAN SUBSIDY.**

The Canadians, I understand, have voted a subsidy in favor of the Canadian-Mexican line. We are operating a line through San Francisco, Los Angeles, and San Diego to Mexican points, to Guaymas, and as far south as Mazatlan. If the Canadian line goes on receiving a reciprocal subsidy from the Mexican Government, as I understand it will, we will come in competition with it and it will probably hurt our business. If it does, and we find we can not make the line pay expenses, we shall simply have to withdraw it and confine ourself exclusively to business between American ports.

I am heartily in favor of the objects of this Commission. After listening and after investigating the matter thoroughly, I hope it will be able to evolve something that will tend to encourage and increase the American foreign marine. While not personally interested in this matter, while my company is not greatly interested in it, I think all good citizens of the country are interested in it. Merchants, business men, and manufacturers are deeply interested in it, and I hope the Commission will be able to recommend something to Congress which will be a long step in the right direction.

Gentlemen, I will not take up your time further.

Representative MINOR. You say your line runs from San Francisco to what Mexican points?

Mr. FORD. All the way from Panama to Mexico.

Representative MINOR. Then that line would be interested?

Mr. FORD. We are interested. I say if this subsidized line goes on between Vancouver and Mexican ports we will probably have to withdraw from that route.

Representative MINOR. What is the tonnage of the vessels employed in your line to Mexican ports?

Mr. FORD. They are all very small vessels, probably 1,500 tons. They make a round trip monthly between San Francisco and those points.

Representative MINOR. This is the point. They are suitable for that trade, but if driven out of it they would not pay to go into foreign trade across the sea?

Mr. FORD. No, sir.

Representative MINOR. They would be almost useless and you would not know what to do with them.

Mr. FORD. We would either have to lay them up or find business for them between American ports.

#### STATEMENT OF H. B. JAYNE.

The CHAIRMAN. Shortly after coming to Seattle my attention was called to a publication in this city, the Pacific Marine Review, and I read it with a great deal of interest. It occurred to me that it was calculated to do a great deal of good in the agitation of this important question. I observe that Mr. Jayne, the editor of the Review, is in the room, and while I feel constrained to say to Mr. Jayne that if he has a written paper I hope he will feel like handing it to the stenographer to be incorporated in our proceedings, the Commission will be pleased to hear from him, if he wishes to say a word.

Mr. JAYNE. Gentlemen, I will detain you a very few moments in reading something very brief, or if you prefer it, I will just hand it to the reporter.

The CHAIRMAN. As our time is very limited, Mr. Jayne, we would appreciate it if you would simply file it to become a part of our proceedings.

Mr. JAYNE. Very well.

The paper referred to is as follows—

Mr. CHAIRMAN AND GENTLEMEN: So thoroughly have previous and better qualified witnesses, who have been examined by your Commission here and in the East, dealt with the question of the deplorable, nay, humiliating status of the American merchant marine in foreign commerce, and so exhaustively have these witnesses discussed the different measures and policies advocated for its relief and rehabilitation, that I have little hope of adding aught of importance of fresh interest to information that is already national property.

I do not intend to overwhelm you with a mass of statistics and figures to prove the present position of our merchant shipping, accepting as a postulate that a crisis has been reached and that we are confronted with the plain and pressing question, "Shall we permit its final extinction?" To which we might well respond, "And must our shipping die? Then 80,000,000 Americans must know the reason why." The



reason may be stated in two words "public neglect;" for while every other productive industry has been born, reared, and has grown into vigorous manhood under the beneficent and fostering motherhood of protection, the American ship has been a foundling spurned from every door and denied all shelter.

I stray, however, from my purpose, which is to suggest hope and encouragement for the future, rather than to repine a dismal past. So perplexing is the subject under consideration, and so diversified and conflicting are the individual interests with which we are confronted, and each of which is entitled to due and proper recognition, that I almost despair of the success of any single system of subsidy. In my judgment, the three most important aspects from which any nation's merchant marine must be considered are, first, as a factor in commerce; second, as a carrier of the ocean mails; third, as an element in the national defense.

#### MAIL SUBSIDIES AND SUBVENTIONS.

The two latter conditions are closely allied and readily provided for by a liberal system of mail subsidies and naval subventions, measured and regulated in the customary manner by tonnage, speed, and design of construction, that shall be easily convertible into auxiliary cruisers. It is obvious, however, that such ships must be of great size, of deep draft, of high speed, in order to provide the service demanded, and that they are virtually excluded from trading save upon the great highways of commerce, which are for the most part controlled by the great land lines of railways and by the steamship lines run in conjunction, frequently for their contributory value to the whole system rather than as a source of direct profit, and that the initial cost of such ships, particularly vessels of 20 knots and upward, when each additional knot can only be obtained at a rapidly progressing increase of cost, would utterly preclude any save the largest and most powerful companies from participating.

Speed will always be the governing desideratum of any mail service, save in its earliest stages of development, and if our mail services are to be removed to our own flag we must be prepared to compete with the fastest services of the world.

Where mail subsidies are paid partly to develop and encourage new trade routes, they are more likely to be fairly distributed and should take the form of a graduated annual payment, the amount being high in the early years of the term and diminishing with the expansion of the commerce it is intended to foster and with the diminishing value of the ship.

I do not wish to be misunderstood as decrying mail or other direct subsidies, but I wish to urge that some additional assistance be granted whereby our smaller cargo steamship owners would benefit, while on the Pacific coast it is essential that the sailing vessel, presenting problems entirely divorced from steam, should participate.

#### REVISING THE OCEAN MAIL ACT.

The revision of the ocean-mail act of 1891 would unquestionably promote the shipping interests of the country and yield an adequate return for any investment made under the direction of Congress. It will not, however, alone suffice to restore the American merchant

marine in foreign trade or to enable the United States to meet the efforts of other nations to promote their shipping.

Such an amendment should, in my judgment, empower the Government to advance the first cost of mail steamers of the first class, say of 22 knots and upward, at a reasonable rate of interest, in addition to any mail or naval subsidies that they might earn, the Government securing itself in the usual manner by mortgage and making ample reservations as to the services to be rendered and forbidding their transfer to any foreign flag, such advances to be repaid in deferred annual payments—in fine, that we should closely pursue the rational plans of other nations, as exemplified by the recent agreement made between the British Government and the Cunard Steamship Company.

The act should also be extended to cover the payment of adequate subsidies to steamers of a lower class, between 12 and 16 knots, engaged in the legitimate exploitation of new trade routes and where they directly compete with the subsidized lines of foreign nations. In measuring the indirect bounties awarded by foreign nations and against which our shipping has to compete, it would seem to me that previous witnesses have not given sufficient consideration to the preferential railway rates granted upon State-owned railways to merchandise for export and import, particularly in the case of Germany. Germany has undoubtedly found this a very potent factor in the development of her foreign trade.

It is significant to notice that, while British policy has usually hitherto been to subsidize ships for postal or Admiralty purposes only and to exclude all trade considerations, the British Government itself, alarmed by the encroachments of Germany and other nations with their heavily subsidized—perhaps in some cases recklessly subsidized—merchant shipping, appointed a select committee to inquire into the subsidies to steamship companies and sailing vessels under foreign governments, and the effect thereby produced upon British trade, and that while the British Government is proverbially slow to move, important changes are likely to develop from that committee's report.

Shall the wealthiest and most progressive nation in the world be the only laggard in the race? I think not; our national pride forbids it.

#### COUNTERVAILING DUTIES FOR SAIL.

For the sailing vessel I see but little hope save in a resort to countervailing duties.

This is a matter of great importance to this coast, as the bulk of our over-sea commerce, grain and lumber, is still transported by sail. From the grain trade our ships have for years past been expelled by the ships of other nations, and in the last two years the bounty-fed Frenchman has crowded our ports, intent rather upon earning a mileage than a freight, and in consequence prepared to accept almost any rate that offers.

True, the foreign shipowners recently met upon the Continent and solemnly agreed to restore rates, but only those familiar with the devious ways of the managing owner, intent upon securing employment for his vessels and incidentally his commission upon the gross freight, can appreciate how soon such a combination, in the present condition of the freight market, will dissolve.

I do not so much rebel against the foreign vessel in the grain trade as I do against its encroachment in the lumber trade.

No sailing ship built by any other nation can compete with the American schooner in the lumber trade in point of capacity, economy, or aught else.

Year after year British and other square-rigged ships arrive on this coast with cement, general merchandise, tin plates, or in ballast, expecting to load grain home. Owing to the farmers withholding the crop or to the fact that more grain is now ground into flour for export to the Orient than in former years, they are forced into the lumber trade simply to get off the coast. These vessels are entirely unsuited for the storage of lumber, can only be operated at a cost greatly in excess of the American schooner of equal capacity, and such voyages are only a source of disaster to their true owners, not the managing owner, and they are thus brought into a false competition with the American lumber-carrying schooner.

While it behooves us to proceed cautiously (at least until we have the ships) in the matter of all countervailing duties, I discover no reason why, in the case of lumber, which we are already well equipped to carry, we should not legislate fearlessly and promptly, encouraging its export in American vessels.

Mr. Chairman and gentlemen, I thank you for your patient hearing, and will conclude by inviting your special attention to the great commercial expansion now in the bud on the Pacific Ocean, to which, in the words of Lord Roberts, the international center of gravity is slowly but surely settling, and which only needs the proper recognition of Congress and the nation to burst into full flower.

#### SOMETHING ALREADY ACCOMPLISHED.

I shall perhaps be excused if I place myself on record as expressing my respectful satisfaction at the several acts of beneficial legislation accomplished by the present Republican Administration in marine interests, as indicating that those important interests have at last received the consideration to which their magnitude entitles them. I refer more particularly to—

- (1) The establishment of a Department of Commerce and Labor.
- (2) The Government supply shipping bill.
- (3) The act to regulate shipping between the United States and the Philippines (taking effect July, 1906).
- (4) An appropriation of \$9,000 to provide for the rent and necessary expenses of our shipping commissioners' offices, as well as several acts improving and protecting the position of American seamen.

As a publisher of a paper devoted to our marine interests, I hope I shall be acquitted of a charge of presumption if I add that, with such indications to guide me, I feel confident, Mr. Chairman and gentlemen, that your present labors will not be in vain, and that a long-neglected industry is at last to receive proper recognition from our Government and from the American people.

#### PACIFIC OCEAN ROUTES.

Mr. MEIKLE. Mr. Chairman, I wish to file a chart I have prepared here showing the different routes across the Pacific Ocean, and the

distances. It might be of some value in considering the best route for a mail subsidy.

The CHAIRMAN. It will be received with pleasure.

Mr. MEIKLE. I file it as a part of the record.

#### **CLOSING ADDRESS OF THE CHAIRMAN.**

The CHAIRMAN. I believe the time has arrived for me to announce that the hearing in Seattle is closed. In doing so I avail myself of the privilege of thanking the gentlemen who have had in charge the arrangements for our hearing for the many courtesies we have received from them; for the use of this beautiful room for our deliberations, and for the various papers that have been presented and remarks made to the Commission. I think I can safely say that in no other place have we been favored with more carefully prepared and instructive papers than have been offered to us in this city.

I wish also to thank the representatives of the press for the services they have rendered us. We have, as I took occasion last evening to observe, been given the "glad hand" by the newspapers of Seattle, and we appreciate it.

We are hoping to accomplish something after our deliberations shall have been closed. Of one thing we are fully satisfied now, and that is that if the Commission does nothing more it will have rendered a great service in crystallizing public opinion in favor of some Congressional action on this great question.

Now, gentlemen, I thank you one and all, and declare the hearing closed.

Thereupon (at 1 o'clock p. m.) the Commission adjourned to meet in Tacoma on the 28th instant.

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TACOMA, WASH., *Thursday, July 28, 1904.*

The Commission met at 2 o'clock p. m., in the assembly hall, Chamber of Commerce Building, C street.

Present: Senator Gallinger (chairman) and Representatives Minor, Humphrey, and Spight. Also, Hon. Addison G. Foster, Hon. Francis W. Cushman, and representatives of the shipping and other business interests.

#### **OPENING ADDRESS OF THE CHAIRMAN.**

Senator FOSTER. Gentlemen, the hour of 2 o'clock having arrived, Senator Gallinger will say a word to you.

The CHAIRMAN. I simply wish to say, gentlemen, on behalf of the Merchant Marine Commission, that we are here in response to the mandate of the Congress of the United States for the purpose of making an inquiry touching a very important subject, one that concerns, as I think, every citizen of the Republic, and certainly the nation at large. I will read from the statute what we are expected to do in this investigation:

"To investigate and report to the Congress, on the first day of its next session, what legislation, if any, is desirable for the development of the American merchant marine and American commerce, and also what change or changes, if any, should be made in existing laws relat-

ing to the treatment, comfort, and safety of seamen in order to make more attractive the seafaring calling in the American merchant service."

In the discharge of our duties we have held hearings in the cities of Boston, New York, Philadelphia, and Baltimore, on the Atlantic seaboard; in Chicago, Cleveland, Detroit, and Milwaukee, on the Great Lakes, and more recently in the neighboring city of Seattle.

We take great pleasure, so far as the Commission is concerned, in spending a day in the beautiful city of Tacoma, a progressive, enterprising, and prosperous city, as we know it to be, greatly interested, it occurs to us, in the subject we have in hand.

We shall be glad to hear from any gentleman who may present himself on any phase of the question that we are considering. I feel it incumbent upon me to say here, as I have said elsewhere, that we are here considering this question in its broad aspect. We are seeking information on the subject in the hope that we may be able, when we get through with our investigation, to report to Congress some remedial measures that will do something toward building up the American merchant marine, which, as you all know, is now in a most deplorable condition.

Gentlemen, I am pleased to be here to-day, and I speak for my colleagues as well. We now solicit from you such expressions of opinion as you may see fit to present.

#### RESPONSE OF SENATOR ADDISON G. FOSTER.

Senator FOSTER. Mr. Chairman and members of the Merchant Marine Commission, we are glad to have you with us to-day, and we welcome you heartily. We realize that there is a growing demand throughout the country for some kind of Congressional action that will stem the tide which is leaving our American merchant marine at the mercy of foreign subsidized and cheap labor competition, and therefore preventing our flag from going with our commerce to the far and near corners of the globe.

It is gratifying to know that the Pacific coast will show to you, gentlemen of this Commission, that it is fully as much interested and alive to the issues as are the shipping interests of the Atlantic seaboard. With our American bottoms carrying less than 10 per cent of our foreign commerce, no wonder there is an earnest demand that something should be done. No doubt this Commission in its wisdom, and after patiently hearing all sides and all classes of people who are vitally interested in this important subject, will be able to formulate a report to Congress upon which a satisfactory line of action may be based.

The gentlemen of Boston, who wrote to all parts of the country on this subject, learned that, out of a total of twenty-two who answered their questions on the Pacific coast, twenty-one favored action on this proposition while one favored inaction. In other words, twenty-one declared for some kind of aid to our merchant marine, and one opposed granting assistance. Out of a total of 703 answers from all parts of the country, it is reported that only 29 were opposed to some kind of aid to shipping, 6 of these coming from the Middle West and New England respectively, 9 from the South, 7 from the Middle States, and 1 from the Pacific coast.

As to whether we shall extend aid through direct subsidies, the mail subsidy plan, export bounty, or rebates, remains to be seen. But,

gentlemen, so long as we have a protective policy in this country, thereby putting the wages of your artisans and workmen in advance of all the world, we must in some way include our shipping under this system of protection to American industries, or capital will not invest in the doubtful or losing project of attempting to keep the flag of our merchant marine alongside of our commerce in foreign ports.

#### PATRIOTISM THE KEYNOTE.

That the spirit of home pride and patriotism may be injected into this project it is urged by some that our policy shall be one of American ships built by and owned by Americans and manned by American sailors, who shall at the same time constitute our naval reserve. To sustain this policy, or whatever plan is agreed upon, Congress, representing the people, will have to put its shoulder to the wheel. And Congress, as a general thing, merely indicates which way the wind blows. Therefore, the question is, "What do the people want?"

We know that England, Germany, and Japan, in particular, are aggressive in the policy of building up their merchant marine. It is estimated that the Canadian Pacific and the Japanese lines operating on this North Pacific coast have received approximately \$1,000 a day for every working day in the year in the way of subsidies. We, of this port, know how French ships benefit by subsidy regulations of this nature. Our shippers have daily object lessons in the details of this great question, and while they may not all agree on a line of action, still all will admit that, under existing conditions, capital will not seek to invest in American shipping. They know that under the prevailing conditions ships can be built in foreign yards from 25 to 40 per cent cheaper than in this country, where the protective system insures higher wages for our labor and higher prices for materials. And in the final analysis labor constitutes the bulk of the cost items in this line of industry, or, indeed, in most others. Where foreign bottoms have been placed under the Stars and Stripes in our ports we know that the American standard of protection guaranteeing satisfactory wages has followed. We know how it works. And, too, we know, or should realize, that if we are to enable our ship owners and ship operators to readily pay our American sailors proportionately as high a standard of wages as other workmen receive in other lines of American industry which benefit by our system of protection, we must in turn extend to them in some way some measure of the American protection.

We send immense quantities of our farm products and a large share of our manufactured goods into foreign ports, but under the prevailing system it is generally more advantageous for our shippers to charter foreign ships and foreign sailors to carry our foreign ocean freight. We send our American locomotive anywhere and everywhere, and our American ships practically nowhere, except to the boneyard.

#### TRADE WOULD FOLLOW THE FLAG.

Regular lines of American ships would build up American institutions. American merchants would follow these regular lines throughout the world, just as, under similar circumstances, English, German, and Japanese merchants follow the flag of their respective merchant marine.

Then, too, it is comforting and satisfying to know that we own and control the boat that carries us. Suppose we needed, in an emergency, a large number of transports? What then? Suppose Japan had no ships available in her war with Russia? She would be like a man overboard who could not swim. You all recall our own predicament a few years ago, when we had a few thousand troops, a mere handful, to transport over the sea. What a scramble there was! How appalling the condition if we were called upon to handle troops in large numbers in a really serious conflict.

In order to do business successfully in foreign ports, merchants must be able to contract in advance for the delivery of their goods. This can only be done satisfactorily by regularly established shipping lines. Shippers can not depend on tramp steamers altogether. This is shown to be true on the heavy trade channels between England and Germany to the Orient, where the regularly established liner does the business. The tramp sails when he has a load. The regular liner takes what the shipper offers and sails on schedule time. And, as a rule, the freight charges in the regular liner are no greater than by the tramp that goes at its convenience and not when the shipper demands.

#### TACOMA'S LARGE INTEREST.

In concluding this brief summary, and in welcoming you, gentlemen of this Commission, let me point particularly to the fact that we of this State are peculiarly as well as pecuniarily interested in this subject of the upbuilding of our merchant marine.

Take down the Statistical Abstract of the United States, which is a publication within the reach of practically all shippers who desire it, and look over the volume of exports and imports as officially reported from every part of this country. Nowhere will you find such a remarkable showing as that district which embraces the ports and subports of this State.

Take the port of Tacoma as an illustration. You will find with exports of less than \$3,000,000 recorded in 1895, it had six times that amount in 1902. And were all shipments included, the totals would be much larger. At that time, 1895, the total tabulated exports of the entire district of Puget Sound were less than five and one-half millions; in 1902, \$33,564,278. Increasing sixfold in less than ten years is a record that results from natural advantages coupled with commercial enterprise.

The channels of trade between this country and the Orient are now well defined and daily growing wider and deeper in favor of the North Pacific routes. We are on the main avenues of these great channels of international commerce. We realize that the commercial destiny of this part of the world hinges on the fullest development of our commerce.

This broad statement includes, in a general way, many details that are susceptible of much amplification. For instance, when an American ship comes into port she takes on a supply of American goods. She outfits at a cost of \$3,000 to \$5,000 or more. The foreign ship provisions and outfits at home, just as we do, so far as our few ships are concerned. But our ships have steadily dwindled from carrying 31 per cent of our commerce in 1871, until now we carry less than 10 per cent.

To-day the keynote is, "Something must be done to upbuild our merchant marine."

In seeking a solution of this great and important commercial problem we wish you, gentlemen of the Merchant Marine Commission of the Congress of the United States, God speed.

You have been intrusted with a grave task, and whatever plan you formulate, representing a composite crystallization of the wisdom and best thought of our business men, shippers, and shipping interests generally, will have the hearty and earnest approval of the people. When you make your report to Congress and prepare a bill for the consideration and action of the Senate and of the House, I, for one, shall be glad to give it my cordial and continued support. [Applause.]

#### STATEMENT OF J. S. WHITEHOUSE.

Senator FOSTER. We would like to hear now from Mr. Whitehouse, the secretary of the Tacoma Chamber of Commerce.

Mr. WHITEHOUSE. Gentlemen, in considering the present condition of the American merchant marine with a view of determining means to be adopted for its rehabilitation, we assume that you desire to know something of the present condition of commerce in the different localities you visit as well as the prospective commerce of the different ports, and also to collect ideas and opinions from the different localities as to the means to be adopted to remedy the evils which now exist.

Tacoma is the youngest of the maritime cities of the Pacific coast and of the United States. Some small shipments of lumber were made twenty or thirty years ago, when this city was only a mill hamlet. Commerce, so called, practically began when, in 1887, the Northern Pacific Railway was completed and Tacoma became a wheat shipping port. In that year there were shipped 1,195,000 bushels of wheat. This has now increased to 12,000,000 bushels, and with the present large crop now being gathered in this State we anticipate that the returns for the season now opened will show a shipment of 15,000,000 bushels. This is exceeded on the Pacific coast by San Francisco only. The shipments from San Francisco have been steadily decreasing for a number of years, for the reason that the wheat growing land is being converted into fruit farms, and the production has long since passed its maximum. Therefore, we believe that before another twelvemonth has passed Tacoma will occupy the first place as a wheat shipping port of the Pacific coast.

#### PUGET SOUND'S ADVANTAGES.

It is a matter worthy the greatest consideration in considering the future commerce of the Pacific Ocean that the ports on Puget Sound are two days nearer the chief oriental ports than San Francisco; that they steam with coal mined within 15 or 20 miles of the port from which they depart; whereas the steamers sailing from San Francisco use the same coal shipped from here or imported from abroad. The coal is brought on board at from \$3 to \$3.25 per ton, whereas at San Francisco it costs from \$6 to \$8 per ton. It takes from 1,500 to 3,000 tons for a round trip, varying according to the size and speed of the steamer. This advantage of the ports of Puget Sound is sufficient to warrant the assumption that in the oriental trade they will be supreme.



Tacoma made her first shipment of flour in 1890; there was shipped that year 16,755 barrels, and this has steadily increased year by year until it now amounts to the enormous total of 1,310,000 barrels for the year 1903, of which amount 1,042,093 barrels was shipped foreign. This far exceeds the shipments of flour from any other Pacific coast port. In the year ending June 30, 1903, the district of Puget Sound shipped in wheat, and flour reduced to wheat, 17,866,000 bushels, standing fourth in the United States, being exceeded only by New York, New Orleans, and Baltimore, in the order named.

In the year 1894 the lumber shipments had already reached a total of 55,000,000 feet foreign and coastwise. For the calendar year 1903, 130,000,000 feet were shipped, of which 51,000,000 feet were foreign.

The total value of the commerce of the port of Tacoma, of merchandise of all kinds, including that mentioned above, for the years 1901, 1902, and 1903, both foreign and coastwise, was as follows:

	1901.	1902.	1903.
Imports.....	\$11,495,859	\$12,544,865	\$13,335,398
Exports.....	22,904,877	27,886,800	21,861,972
Total .....	34,400,736	40,431,665	35,497,370

The foreign business only for the three years was as follows:

	1901.	1902.	1903.
Imports.....	\$2,555,894	\$2,312,321	\$2,597,034
Exports.....	12,261,112	19,091,491	12,419,805
Total .....	14,717,006	21,403,812	15,016,839

#### TACOMA'S THE LARGEST SHARE.

In showing the important relative position the port of Tacoma holds in the customs district of Puget Sound, which includes all ports in the State of Washington, we quote the following official table, furnished by the customs collector of this district, for the fiscal year ending June 30, 1904:

*Foreign only.*

Port.	Imports.	Exports.
Port Townsend .....		
Tacoma .....	\$63,268	\$2,703,771
Seattle .....	4,209,730	10,648,886
Everett .....	5,607,286	6,551,315
Bellingham .....	48,248	40,503
Blaine .....	50,160	167,085
Port Angeles .....	277,827	574,488
Northport .....	503	104,445
Roche Harbor .....	619,911	538,031
Aberdeen .....	123	25,272
Anacortes .....	6	258,854
Sumas .....	3,270	33,502
Danville .....	390,220	851,622
Friday Harbor .....	14,519	215,304
South Bend .....		15,693
Spokane .....	25	27,632
Total .....	11,285,096	22,756,403

Tacoma's splendid achievement in this respect is partly due to nature, which has blessed us with a commanding and magnificent harbor, and to the energy and foresight of the citizens, who built factories and took full advantage of the great natural resources of the State.

A significant fact in connection with the exports from this port is that they are constituted of the products of Tacoma factories and products of the State of Washington to a greater extent than are the shipments from any other city on the Pacific coast in relation to the State in which they are located. We have shipped immense quantities of lumber and flour manufactured in Tacoma mills, coal mined in this and contiguous counties, various kinds of manufactured lumber, such as doors, sashes, moldings, wooden ware, furniture, boxes, shingles, etc.; products of the Tacoma smelter, the largest on the Pacific coast; car wheels, engines, beer, malt, castings, cereals, fish, fruit, hops, etc.

To handle this great volume of products to advantage (and they must have been handled to greater advantage here than elsewhere or they would have gone elsewhere for shipment) required terminal and wharfage facilities of a superior nature.

#### GOOD TERMINAL FACILITIES.

There are more than 100 miles of side tracks within the limits of the city on which can be stored freight cars holding both the inward and outward cargoes for more than a dozen of the largest vessels on the Pacific Ocean. In the year 1903 the Demurrage Association of the Northwest showed that there were more freight cars handled in Tacoma than in any other northwestern city. Attached hereto is a table ("A") showing in detail the wharves and warehouses of this port. This shows the capacity of the largest warehouses only to be over 300,000 tons. James J. Hill, the railroad giant of the Northwest, states: "No wonder Tacoma does the business; she has the facilities." M. E. Ingalls, president of the "Big Four," pronounced them the most complete anywhere in existence. The depth of water at extreme low tide at the wharves is from 31 to 40 feet.

Attached hereto is a table ("B") showing the different lines of steamers plying from Tacoma to points beyond the Straits. This shows 18 companies operating 136 steamers, with a total tonnage of 581,229 tons, which far exceeds the total from any other Pacific coast port. Of this number 58 are American bottoms and 78 foreign bottoms.

Attached hereto ("C") is a list of all vessels entering the port of Tacoma for the calendar year 1902. This year was selected because the table was prepared by officials connected with the engineering department of the United States War Department. The table mentions each boat but once, regardless of the number of trips made. It includes foreign, domestic, and Puget Sound boats, and shows a total of 215 boats, of which 112 were foreign. The total deep-sea entrances and clearances for this year were 888 and 890, respectively.

#### THE WHEAT EXPORTS.

Attached hereto ("D") is a list of all ships carrying wheat for the years 1901-2, lumber for the year 1903, and flour for the year 1903. In regard to wheat, these two years were taken because last year, on

account of a light crop, the shipments were small, and the years given show the shipments of an average wheat crop. For the year 1901 only two cargoes of 10,000 bushels were carried foreign in American bottoms, and went to British Columbia. Following is a statement showing the number of bushels carried in the different foreign boats:

Wheat, 1901:	Bushels.
68 cargoes in British bottoms .....	8, 479, 515
2 cargoes in American bottoms .....	10, 901
12 cargoes in German bottoms .....	1, 376, 478
2 cargoes in Chilian bottoms .....	91, 391
3 cargoes in Norwegian bottoms .....	262, 517
1 cargo in Danish bottom .....	18, 760
1 cargo in Austria-Hungary bottom .....	171, 233
1 cargo in Russian bottom .....	68, 062
1 cargo in Italian bottom .....	85, 006
1 cargo in Australian bottom .....	100, 352
	<hr/> 10, 664, 215

For the year 1902 two cargoes of wheat were carried foreign in American bottoms. The following statement shows what nationalities carried this crop:

Wheat, 1902:	Bushels.
81 cargoes in British bottoms .....	7, 689, 985
17 cargoes in German bottoms .....	2, 114, 791
8 cargoes in French bottoms .....	695, 015
2 cargoes in American bottoms .....	302, 250
2 cargoes in Australian bottoms .....	206, 636
4 cargoes in Norwegian bottoms .....	627, 217
1 cargo in Canadian bottom .....	18, 280
	<hr/> 11, 654, 174

#### THE LUMBER TRADE.

For the year 1903, 60 cargoes of lumber were shipped from this port to foreign ports. The domestic cargoes during this year were 84,000,-000 feet. The large proportion of lumber carried in American bottoms to foreign ports is explained in part by the amount carried in United States transports for the use of the United States Government in the Philippines, and that carried by the Boston Steamship Company's boats under its contract with the Government. Following is a statement showing the number of cargoes carried by the different nationalities:

Lumber, 1903:	Feet.
21 cargoes in American bottoms .....	17, 179, 594
19 cargoes in British bottoms .....	22, 555, 845
11 cargoes in German bottoms .....	1, 728, 832
5 cargoes in Norwegian bottoms .....	6, 054, 062
3 cargoes in Danish bottoms .....	2, 863, 333
1 cargo in Peruvian bottom .....	478, 454
	<hr/> 50, 860, 120

For the year 1903, 70 cargoes of flour were shipped from the port of Tacoma to foreign ports. The domestic shipments of flour from Tacoma were 136,698 barrels in 1903. The shipments of flour from Tacoma make a splendid showing for American bottoms, and, in fact, the commerce of the district of Puget Sound makes a better showing for American bottoms than any other district. The entire amount of flour carried in American bottoms was carried by the Northern Pacific steamships *Victoria*, *Tacoma*, and *Olympia*, and by the

Boston Steamship Company, operating the *Lyra*, *Hyades*, *Pleiades*, *Shawmut*, and *Tremont*. The following is a statement showing what class of vessel carried the flour for 1903:

Flour, 1903:	Barrels.
30 cargoes in American bottoms .....	468, 871
15 cargoes in German bottoms .....	57, 031
23 cargoes in British bottoms .....	469, 012
1 cargo in Danish bottom .....	12, 696
1 cargo in Norwegian bottom .....	35, 240
	<hr/> 1, 042, 852

#### CONTRACTS WITH THE RAILWAYS.

In order that no false impressions may be obtained from the shipments from the Pacific coast ports, we wish to state that the Japanese steamship line, operating from Seattle, has a contract with the Great Northern Railroad for the carrying of its oriental freight and in return it delivers its oriental freight to that road. The same is true of the port of Tacoma concerning the Boston Steamship Company and the Northern Pacific Railway and of the Northern Pacific Steamship Company, owned and operated by the Northern Pacific Railway and necessarily cooperating with it.

A trans-Pacific line operating out of Portland has a like connection with the Union Pacific, and the lines operating out of San Francisco a like connection with the Southern Pacific. For this reason the different lines secure from the railroads all the freight originating in the interior on that railroad line which they carry to the seaboard for transportation, and no other steamship line can get it. If it were not that the Southern Pacific at San Francisco and the Northern Pacific at Tacoma had made combination with American bottoms instead of with foreign, or if they delivered their freight at the seaboard open to delivery by any line, we doubt very much if any trans-Pacific line would now be operated under the American flag.

#### THE ONE AMERICAN LINE.

Excluding California, all trans-Pacific steamship lines plying to the Orient are foreign except only the Northern Pacific Steamship Company (which sold its steamers a few months ago because they were too small for the business) and the Boston Steamship Company. As showing the interest Tacoma has in the matter under consideration we would state that the Boston Steamship Company brings its entire inward cargo to this port and takes from this port five-sixths of its outward cargo. Without any official knowledge on this subject, and repeating only current rumor, we would say that the Boston Steamship Company lost money in its first year's business and the foreign boats made money. Since the first year the Boston Steamship Company has probably come out even, but not much more, and this is perhaps due to the fact that they have a contract with the Government for the carrying of supplies and passengers to and from Manila. This contract not only furnishes a large amount of business itself, but puts the company in a good shape to carry cargoes from Manila and other oriental ports to this port.

In a word, we are fronted with the condition here, which, while more favorable to American bottoms than any other customs district, yet this condition is due to circumstances such as the contract with the

railway and the contract with the Government, which may change at any time, leaving the American bottoms in a position to lose money.

This is true, although the steamers operated by the Boston Steamship Company are excellent for the purpose (the *Shawmut* and *Tremont* perhaps being a little too large for the present business). Again, speaking without any official knowledge, we would state that the China Mutual Steamship Company and the Ocean Steamship Company, operating vessels which carry from eight to fifteen thousand tons, and which are splendidly adapted for the purpose both in size and equipment, and operating, so far as we know, without any railroad connections, are making money.

#### WHY FOREIGN SHIPS ARE MORE PROSPEROUS.

The reason the foreign bottoms are in a more prosperous condition than the American bottoms is due to two well-known reasons—the excessive cost of construction of the American vessels and the higher expense in operating them.

In considering a remedy which will enable the American bottoms to earn a fair return on their investment, it is impossible to adopt by direct legislation any method to reduce the cost of construction or to reduce the wages of the seamen, even if this method were advisable.

In time the excessive cost of building the ships would be undoubtedly overcome by reason of our greater experience, modern equipment, and appliances, and the superior adaptability of our mechanics. We have overcome the differences in the price of labor in many other lines, and if a system could be adopted which would double or treble the shipbuilding of this country, but a short time would elapse before we could make the finest kind of vessel as cheaply as anywhere. For the present, however, we are faced with the fact that there are obstacles to successful competition with other nations in the sea carrying trade without Government aid.

In considering the question of remedies, the present and increasing commerce of the Pacific Ocean is the largest and most important to our eyes. We sometimes feel that the mental vision of our national legislators extends no farther west than the Rocky Mountains. If we grow at a much faster rate commercially and industrially than other ports in the Union, those things which the Government does for communities should be done here according to the demands of business, and not because it comes our turn, and still less because we have fewer Representatives in Congress.

Commercially we have accomplished in ten years what it took the Atlantic coast forty years to achieve. This being so, there are pressing public demands for more harbor improvements, light-houses, public buildings, dredging rivers, and other things which the Government has undertaken to do. So it is with the commerce of the Pacific. We have made leaps and bounds in our trans-Pacific commerce and upon its prospects we wish to diverge a moment. There are now about three and one-half million people on the Pacific coast and about five million west of the Rocky Mountains.

#### THE PACIFIC'S PECULIAR NEEDS.

Every resource of nature is known to exist in this area, and in time every want of mankind can be supplied. The Pacific coast is capable

of sustaining a much denser population than now exists in New England. The vast area between the Coast Range and the Rocky Mountains will in time, by reason of the systems of irrigation already formulated, sustain an agricultural population three times as dense as the most thickly populated region of the Mississippi Valley. When this great area responds to the labor and ingenuity of man, we will have an immense surplus of every kind of manufactured and agricultural products, which will seek a market through the Pacific. Our only possible market is the Orient. In a generation the Japanese have jumped from an insignificant and half-civilized country to one of the leading nations of the world, and have become a large consumer of Pacific coast products. If the Chinese make similar progress, as they now bid fair to do, it will tax this whole region to its utmost to supply them. We therefore urge strenuously, whatever remedies be adopted for the upbuilding of the American merchant marine, the present and prospective commerce of the Pacific Ocean be given just consideration.

A bill introduced in Congress a few years ago was an excellent thing for the swift Atlantic liners and for the large sailing vessels plying to and from the Atlantic coast. In its inception it had no provision which would assist the slower freight boats and smaller sailing vessels of the Pacific. The steamers that will carry the freights of the Pacific coast in the immediate future are those that carry from eight to fifteen thousand tons of freight, and steam at from 12 to 16 knots per hour. The sailing vessels, particularly those engaged in the lumber trade, will be more numerous under 1,200 tons than over. Unless the Government aid applies to vessels of this class, it will be of little benefit to the commerce of the Pacific Ocean. In this connection we suggest that it is easier to secure trade as it grows rather than to take it from some nation after they have acquired it.

#### FOR A LONG PERIOD.

You have doubtless heard discussed to the limit of your patience methods to be employed to assist the American merchant marine. We suggest that whatever aid is extended it be distributed over a long period of years rather than pay large amounts for a short period. The latter method would lead to the establishment of lines to obtain the subsidies only and possibly to their abandonment when the subsidy ceases. The subsidy recently granted by France, by the terms of which they pay bonuses to the ships built in France and a subsidy, according to the distances carried, upon the cargo, has led to this unfortunate result: An immense number of French ships were built on account of the subsidy; they cut rates so low as to practically drive other ships out of business; but the French shipowners, now that the end of the subsidy period is approaching, have already asked the large ship-operating firms on the Continent to join them in the maintenance of a scale which is at least as high or higher than that which existed prior to the time their subsidy went into effect. If this subsidy had provided for the same total amount to be paid in a period of twenty years instead of five years, the benefit might have been obtained without the evil consequences.

Provision might be made for the payment of a bonus for the building of ships in American yards. We are satisfied that in a short time the superior skill and adaptability of the American workingman would bring about a condition by which we would build ships as cheaply as

they are built abroad and then the subsidy could cease. The Government can borrow money at 2 per cent. A loan by the Government to shipbuilding concerns at  $2\frac{1}{2}$  or 3 per cent, the Government taking proper security, might also remedy the shipbuilding evil. The Government could then contract for the right to use the vessels in time of necessity. One of the reasons we can not build ships as cheaply as they are built abroad is that we pay a higher rate of interest for money and our investors require a larger dividend than any other nation. The loan of money at a low rate of interest would overcome this condition.

#### COMPLICATIONS TO BE AVOIDED.

If provision is made for the payment of subsidies for carrying inward cargoes to United States ports, we wish to call your attention to the following condition which exists on the Pacific coast:

We ship immense quantities of lumber and coal. About 65 per cent of our lumber cut is what is denominated as rough, and will not stand shipment by rail to the East, nor to foreign markets. California is our chief market for this grade of lumber. They take 20 per cent of the total cut of the State of Washington, all of which is furnished by the tide-water mills. The better grades of lumber are easily marketed in the East or abroad, but without a market for the rough our mills could not operate.

The coal used in California is furnished, one-third from Puget Sound, one-third from British Columbia, and one-third from foreign ports. The British Columbia mines are operated largely by Chinamen, and the cost for labor is therefore less. In shipping lumber and coal to San Francisco British Columbia use foreign bottoms, which are in a position to give lower rates than American bottoms, while we are compelled by our coasting laws to use American bottoms. If, now, a subsidy bill would give the bonus to American bottoms for the carrying of lumber and coal from British Columbia to California it would work an injustice to us and nullify the tariff provisions on lumber and coal, by virtue of which only we now hold this market. A like condition may exist on the North Atlantic coast in regard to the coal and lumber of eastern Canada and perhaps on the Gulf coast as to products in nearby countries. A general statement that the countries immediately contiguous to us have like commodities to ship is probably true, and in order to prevent a condition which, in effect, would give a decided advantage to our next-door neighbor to compete with our own industries for our home markets the subsidy should only be applicable to cargoes originating four or five hundred miles from our seaboard.

#### THE COST OF LABOR.

Another condition that is peculiar to the Pacific coast is the cost of labor. Most of the Atlantic vessels are manned by Europeans and most of the Pacific vessels are manned by Asiatics, who get even less wages than the Europeans. If, therefore, it is the intention of a subsidy bill to man American ships with American crews from top to bottom, which would be very desirable, making good the difference between American and foreign labor, provision should be made for the wider difference in the labor employed on the Pacific coast boats.

We believe, also, that the subsidy should give full consideration to the distance the cargoes are carried. The cargoes to and from the Pacific coast are carried more than twice the distance those originating on the Atlantic and Gulf coasts are. It is also true that for a long time the commerce of the Pacific will be carried in freight boats that steam from 12 to 16 knots per hour. A subsidy to swift-going mail steamers would be of little benefit to us.

The conclusions of the writer are that a subsidy to ships built in American yards, paying a stated amount per ton of freight carried, increasing with the distance carried, regardless of the speed or size of the boat and extending over a long period of years applying to sailing vessels as well as to steamships, and if the subsidy is in the shape of a mail contract, the speed required to not exceed 16 or 17 knots per hour, would be of greatest benefit to the present and prospective commerce of the Pacific Ocean.

#### STATEMENT OF JOHN J. DONOVAN.

Senator FOSTER. We have a gentleman with us here from the city of Bellingham, a city in the northwest corner of this State of about 25,000 people. He comes here as the representative of the Bellingham Chamber of Commerce. He was born in New Hampshire. We would like to hear from Mr. Donovan.

The CHAIRMAN. The Commission will be pleased to hear from Mr. Donovan.

John J. Donovan appeared before the Commission.

The CHAIRMAN. Mr. Donovan, in what line of business are you engaged?

Mr. DONOVAN. I am general superintendent of the Bellingham Bay Improvement Company and of the Bellingham Bay and British Columbia Railroad Company. I have not a dollar's interest in any vessel, and I speak in this matter as an American citizen and as manager of these companies.

The CHAIRMAN. Proceed, Mr. Donovan.

Mr. DONOVAN. Mr. Chairman and gentlemen of the Marine Commission, I read in the Seattle Post-Intelligencer with a great deal of interest the very complete statement of Mr. Meikle, the secretary of the Seattle Chamber of Commerce, in which he apparently proved that the commerce of Puget Sound is done practically entirely over the wharves of Seattle. I have listened with a great deal of interest to my friend Mr. Whitehouse, the secretary of this Chamber of Commerce, in which he has shown that considerably more than half of the commerce of Puget Sound is carried on over the wharves which you visited this morning.

Our Chamber of Commerce, with some 400 members, in the city which Senator Foster has so kindly mentioned, feared that in the good-natured rivalry existing between Seattle and Tacoma we might be forgotten, and that while Mr. Humphrey, Senator Foster, and Mr. Cushman are now in Congress and would know just where we are and just how much we amount to, you gentlemen east of the Mississippi River might forget all about us, and when we might want a light-house or an excavation in the harbor, or something of that kind, you would wonder why it was that this Commission, which is one of the most important, in my judgment, ever appointed by the Congress of



the United States, should have come out here on Puget Sound and never even heard of the city of Bellingham.

It might be excusable perhaps, because we have had several communities up there which have just gotten together, and to-morrow we join the cities of the first class of the State of Washington, being the fourth in the State and the third on Puget Sound of the cities which have the right and have exercised the right to frame their own charter and elect their officers under that charter. To-morrow the city of Bellingham becomes a city of the first class and takes the rank I speak of.

Now, we regret very much that we did not at the proper time present an invitation to you, gentlemen, in the hope that you might come up there and see for yourselves that there is something more than a fishing and lumber town, that there is a town which hopes to take its place as one of the commercial ports of the United States, and that while not so rich as Seattle nor so handsome as Tacoma we still have some advantages, and one of the most important is, with all due respect to the very good harbors of those cities, that ours is still better.

To prove this I will file with your secretary the United States map of the harbor of Bellingham, and we ask you or any expert to compare it with any made by the United States Coast and Geodetic Survey and see whether there is in the United States, even at the Golden Gate of San Francisco, a more perfect harbor for anchorage or one more perfectly landlocked.

Also, because you are unable to go up there, we had taken by our photographers day before yesterday, and with weather conditions not entirely favorable, a series of photographs, beginning with the north end of the harbor and extending to the south end [exhibiting]. That series, Mr. Chairman, we file for you to look over in lieu of any visit to our town that you were not able to make.

The CHAIRMAN. We shall be pleased to receive them, Mr. Donovan.

Mr. DONOVAN. I should say that if I was able to count correctly we found in the harbor of Bellingham day before yesterday one more ocean-going vessel than I could see in the harbor of Tacoma this morning. Therefore, if Tacoma does more than half the commerce of Puget Sound, and Seattle does three-quarters, I do not know just exactly what we had better claim.

In addition, here is a small pamphlet issued under the auspices of the Chamber of Commerce of Bellingham [exhibiting], which has, it will be seen, a series of views; also a book which came out yesterday, and shows some of our buildings. These I file with the other papers.

While I have prepared no elaborate paper that can compare with those which have been laid before your body, I do hand your secretary my credentials from the president and the secretary of the Bellingham Chamber of Commerce:

[Bellingham Chamber of Commerce, Bellingham, Wash. Lin H. Hadley, president; J. A. Kirkpatrick, vice-president; Charles F. Nolte, second vice-president; B. H. Silver, treasurer; Frank C. Teck, secretary.]

JULY 25, 1904.

*To the President and Members of the  
American Merchant Marine Commission.*

GENTLEMEN: The bearer, Mr. John J. Donovan, of Bellingham, Wash., is hereby authorized to appear before the American Merchant Marine Commission at its sessions in Seattle and Tacoma and to represent the Bellingham Chamber of Commerce.

Mr. Donovan will have with him a memorandum of statistics of shipping done in the port of Bellingham, compiled by the secretary of the Bellingham Chamber of Commerce, which is authentic.

LIN H. HADLEY, *President.*

FRANK C. TECK, *Secretary.*

I have been asked to read to you this one page, a communication signed by the secretary of the Bellingham Chamber of Commerce, in order that you may know where we are:

“STATISTICS OF SHIPPING, BELLINGHAM, WASH., 1903.—DESCRIPTION.

“Bellingham, a city of the first class, formed by the consolidation of the cities of Whatcom and Fairhaven, December 28, 1903, is located on the southeastern shore of Bellingham Bay.”

I may say that Bellingham is at a distance of 130 miles from here on the shortest traveled route, and that it is about 20 miles south of the British Columbia boundary.

“Its principal industries are the manufacture of lumber, shingles, woodwork, fish canning, and shingle and lumber machinery, tin cans, beer, tar and turpentine, charcoal, ice, the maintenance of cold storage, the catching and canning of salmon, etc. The official municipal census, completed January 22, 1904, proved a population of 22,632.”

That, you will notice, was taken in January, and I think Senator Foster is quite correct in saying that our present population is 25,000.

“Bellingham Bay is the extreme northeastern extension of Puget Sound, and is approximately 10 miles long north and south and 5 miles wide east and west. The average depth of the water is about 70 feet, and excellent advantages of anchorage are available in all parts of the bay, which is practically landlocked and has entrances to Puget Sound and the Gulf of Georgia direct. Owing to favoring tides and prevailing winds from the southwest, ocean-sailing craft frequently come into port propelled only by their own sail, and occasionally sail out with cargo in the same way. The icy fresh water of the Nooksack River permeates the salt water of Bellingham Bay, and renders the harbor free from the ravages of the teredo. All transcontinental railroads operating on Puget Sound enter Bellingham, and give the city the benefit of terminal freight and passenger rates.”

“NOTES OF SHIPPING, BELLINGHAM, WASH., 1903.

“Number of voyages of ocean steamships touching at Bellingham, 105.

“Number of voyages of Puget Sound steamboats touching at Bellingham, 1,040.

“Number of ocean vessels receiving lumber cargoes at two Bellingham sawmills, 103. Of these, 45 were steam and 58 were sailing vessels; 16 were foreign vessels bound foreign.

“Not otherwise included in this review, three German steamships with an aggregate gross tonnage of 8,674, and 11 British steam vessels with an aggregate of 7,529 gross tonnage, making a total of 14 vessels with an aggregate gross tonnage of 16,203, and a total of 27 voyages, cleared at the Bellingham subport of entry for foreign ports during the year 1903.

"Aside from vessels otherwise noted herein, the Pacific Packing and Navigation Company, maintaining its general headquarters and shipyards in Bellingham Bay, operates or controls for its Puget Sound and Alaska salmon canneries, 2 ships, 5 barks, 3 schooners, 27 steamboats, 24 steam or electric launches, 35 steam piledrivers, 1 steam yacht, 600 fishing boats, 500 scows and lighters. Aside from these also there are about 20 steam tugs and launches engaged in towing and fishing.

"The total freight handled on the two public wharves aggregated about 30,000 tons.

"FRANK C. TECK,  
"Secretary Bellingham Chamber of Commerce."

These matters, Mr. Chairman, I have presented on behalf of the Chamber of Commerce of Bellingham, and I wish to again express my regret that this Commission did not see its way clear to meet at Bellingham, assuming that they had ever heard of the place before.

Now, as to the matter that is before you we have not had a general meeting of our chamber, and, therefore, whatever I say on that line must be my individual opinion, but I do say that I believe, with no politics in our chamber whatsoever, every man there and every citizen desires above everything else that the commerce of the United States may once again be carried in our own ships in the same way that it was carried before the civil war; that we shall take rank as ocean carriers commensurate with our standing as a nation; and that any conclusion this Commission may arrive at in the way of changes in our laws which will bring about that result will have the unanimous support of all our people, regardless of politics. This is a matter of business, a matter in which we all take pride, and a matter where politics should be laid aside and ways and means alone considered to see whether we can not regain the place we have lost.

I have read with much interest the papers that you listened to in Seattle yesterday, as I did the paper just read, which state a great number of facts and draw some conclusions. Mr. Hibbs, Mr. Thorn-dyke, Captain Chilcott, and Mr. J. C. Ford, as well as Mr. Waterhouse, and Mr. Meikle are gentlemen who have given you some facts to build upon. Their conclusions may not be your conclusions, but as a result of the hearings at these ports and the hearings on the Atlantic side you should be able to make conclusions of your own that will cause a betterment, and a great betterment, in this condition, because something must be wrong when the amount of tonnage carried on our ships continually goes down.

We have been able to hold our coastwise trade because the laws shut out the other nations. We should be able, in a contest with the whole world, on the world's highway, the ocean, to hold our own. We are not doing it, and why? That is what you are to determine, and we expect an answer that will, perhaps, with some modification later on, be one that will restore our carrying trade to the rank it should have.

I do not feel competent to offer my opinion in this matter. I have been here on this coast, as I formerly was on the Atlantic coast in my boyhood, long enough to know that there are a great many phases of the question which must be taken into consideration, and that the remedy which seems proper to one man may seem entirely wrong to another.

## SUBSIDY FOR SERVICE RENDERED.

But, if I may make a suggestion, I think that aid should be given to our ships that carry mail, and aid should be given to any ship, whether it be engaged in coastwise or foreign trade, whether it be steamer or sailing vessel, that may be of service in carrying troops, that may be of service in time of war as an auxiliary cruiser or service of any kind. Subsidies for those vessels I think should be given.

Whether you should go further and give any subsidy for ships that can not come under one of those three heads is in my mind very doubtful. It seems to me that the Government of the United States should be able to get some return along one of the three lines I have suggested.

But there is the additional service that might be rendered, and that should have consideration, by vessels that do not come under any one of the three classes—mail carriers, troop carriers, or cruisers. Every vessel that plies the ocean is a training school for men, and those men should be the naval militia of this country, just the same as we have on land the militia of the States to fall back on in time of trouble. As our trade expands and is expanding over the world, peace-loving as we are, anxious as we are to avoid war, the time may come when we will need every man who knows anything about a ship or a vessel, and if we have them we will avoid trouble by that very fact.

Representative SPIGHT. Mr. Donovan, what do you mean by a direct subsidy? You spoke of giving a direct subsidy to certain vessels.

Mr. DONOVAN. I have in mind, sir, as I understand it, the provisions that are made by the English Government, by which they pay on a route where there is, perhaps, no competition, enough for carrying the mail, so that there is some incentive to place a line of ships on that route.

Representative SPIGHT. What you mean, then, if I understand you, is a mail payment; a mail subvention?

Mr. DONOVAN. Yes. Then I believe that where a vessel is built with special arrangements so that it can be used in carrying troops or to meet the requirements of the Government service there should be some allowance made annually to the owners of that vessel with the understanding that the Government has a full right to take her at a certain price in time of war or in time of necessity.

## FOR AUXILIARY CRUISERS.

There could be another class of payment made, which I believe is done in England, a payment to vessels which are so arranged that in time of war guns may be placed upon their decks and they become auxiliary cruisers of the Navy. In fact, it is possible that we have some such arrangement as this in our own service now, although my understanding has been, without having looked into the law carefully, that those are special arrangements made from time to time. I know the *St. Paul*, *St. Louis*, and other ships were taken for that service in the Spanish war, but the details of the taking I do not know. However, I do think that all our new ships, even the boats that run from here to Alaska, ought to be arranged with special strength in certain portions of the decks so that light guns may be mounted there, and that they may become auxiliary cruisers, and be of great service in time of trouble.

Representative SPIGHT. I understood you to suggest, also, that subsidies be paid in some form to vessels engaged alone in the coastwise trade.

Mr. DONOVAN. If those vessels can comply with the conditions which have been suggested.

Representative SPIGHT. Do you not think that the vessels engaged in the coastwise trade are sufficiently protected by excluding all foreign vessels from that service?

Mr. DONOVAN. Possibly that is true. I make it only as a suggestion.

Representative MINOR. As I understand you, Mr. Donovan, you mean if vessels in the coastwise trade are so constructed that they can be converted into auxiliaries, or something of that character—

Mr. DONOVAN. Yes, sir.

Representative MINOR. You think there ought to be extra compensation?

Mr. DONOVAN. Yes; extra compensation. The ship otherwise would be strong enough for ordinary service without the extra expense required by the naval service.

As I said, I have not a dollar's interest in any vessel, and I speak in this matter as an American citizen and as manager of the Bellingham Bay Improvement Company. Last year the value of our product was nearly three quarters of a million dollars, and it was nearly all ocean borne.

The CHAIRMAN. Can you state what proportion in American ships and what proportion in foreign ships?

Mr. DONOVAN. Of course, offhand I could not state it. Probably half of that went to California in our own vessels.

The CHAIRMAN. Coastwise?

Mr. DONOVAN. Coastwise. But of the other half fully nine-tenths went in foreign ships. At our docks to-day it so happens that there is one old wooden American ship loading for Australia, but alongside of it are two fine English steel ships also bound foreign, and the contrast between these vessels is painful.

The CHAIRMAN. You are satisfied that the good people of your enterprising city would be glad to see that commerce carried in American ships if it were possible to equalize conditions so that American ships could compete with foreign ships?

Mr. DONOVAN. Yes, sir; they would be delighted.

That is all I have to say, gentlemen. I am very much obliged to the Commission for listening to me so patiently.

The CHAIRMAN. We are very much obliged to you for coming, Mr. Donovan. [Applause.]

#### STATEMENT OF LOUIS W. PRATT.

Senator FOSTER. Mr. Chairman, we have a gentleman with us here, Mr. Pratt, who is, I suppose, full of statistics. We would like to hear from Mr. Pratt, with your consent, Mr. Chairman.

The CHAIRMAN. Certainly.

Louis W. Pratt, appeared.

The CHAIRMAN. Mr. Pratt, are you a resident of this city?

Mr. PRATT. I am a resident of this city.

The CHAIRMAN. In what line of business are you engaged?

Mr. PRATT. I am editor of the Tacoma Daily Ledger.

The CHAIRMAN. Mr. Pratt, the Commission will be greatly gratified to have you present such views to it as you may have in mind.

Mr. PRATT. Mr. Chairman and members of the Commission, I do not desire to repeat anything that Mr. Whitehouse has already very well and ably covered in regard to the statistics of the commerce of Tacoma and Puget Sound. It may be proper for me to suggest, by way of supplement to what he has said, that the seaport of Tacoma is the second seaport in importance on the Pacific coast in the foreign trade. You may have noticed the figures published in this morning's Ledger, showing that for the last ten years, a period extending from the 1st of July, 1894, to the 30th of June, 1904, the total foreign commerce of the port of Tacoma, imports and exports combined, amounted to more than one hundred and twenty-one million dollars.

I think I should say that this does not include merchandise received at this port and forwarded to interior ports without appraisement for entry at certain ports. The amount so received and transported at this port is very large, running into several millions every year, but the figures do not enter into the customs reports for this district.

#### TACOMA SECOND ONLY TO SAN FRANCISCO.

The only seaport on the Pacific coast the volume of whose foreign trade exceeds that of Tacoma is the port of San Francisco. You are familiar in a general way with the fact that San Francisco was for a long time practically the only port on the Pacific coast. She has a large and extensive trade.

Mr. Whitehouse has stated that Puget Sound has some advantages over San Francisco, and we think we are modest and within bounds in saying we confidently expect that within a few years the trans-Pacific route will terminate at these northern ports. The southern route is much longer, and while there will always be business from San Francisco by way of Honolulu to Manila and Hongkong or to Yokohama, yet the economy in the handling of that traffic will naturally create a diversion of a large part of it, and a continually increasing portion of it, to the northern and shorter route.

The third port on the Pacific coast in the volume of its foreign trade for the last ten years is the port of Portland. That foreign trade amounted to \$105,590,000 during the last ten years, and Seattle had a foreign trade during the same period amounting to nearly \$85,000,000.

You have visited our water front to-day and seen for yourselves the splendid facilities Tacoma possesses for handling ocean traffic, and are not surprised that this port is already the second seaport in importance on the Pacific coast.

You saw this morning, lying end to end at the warehouses, a steamship from San Francisco, the *Queen*; next to her the *Ramsey*, just arrived from Hamburg after circling the continent of South America; next the *Stentor*, of the Blue Funnel Line, which operates between Tacoma and Liverpool by way of the Orient, Suez Canal, and Mediterranean route, and you went aboard the giant *Tremont*, an American-built steamship, which brought to Tacoma yesterday, on her sixth return trip from the Orient and Manila, a cargo of many thousand tons of foreign merchandise. These are representative vessels of some of the lines that are now regularly engaged in ocean commerce from this port.

The business which is transacted at Tacoma and at the ports of Puget Sound, as has already been said, consists to a very considerable extent of the native products of this State. The fact might perhaps be stated at this time that in the export of lumber the district of Puget Sound leads all the other customs districts of the United States.

I should like to call your attention to the fact that during the last twelve months of the year ending June 30, 1904, the exports of lumber from this district amounted to 255,000,000 feet. That is the amount shipped to foreign ports. During the previous year, the year ending June 30, 1903, the exports from this district were 220,000,000 feet.

The annual publication of the Bureau of Statistics on the commerce and navigation of the United States, which exhibits the exports in detail of all the customs districts, shows that the next customs district to Puget Sound in lumber exports was that of Pensacola, the exports of which amounted to 135,902,000 feet in the year 1903—85,000,000 feet less than the exports from this district.

The customs districts exporting the largest amount of lumber, in their order, are Puget Sound, Pensacola, Pearl River, Mobile, New Orleans, Newport News, Baltimore, New York, Detroit, and Saluria, Tex.

Mr. Whitehouse has already stated to you that a large proportion of the lumber shipments to foreign ports are carried in foreign bottoms.

#### PUGET SOUND FIRST IN LUMBER.

I should like to call your attention to the volume of the Puget Sound commerce in some other respects.

During the year ending June 30, 1903, Puget Sound was the sixth district in the United States in the tonnage of American and foreign vessels entered and cleared. The only districts having a larger tonnage, according to the records, are New York, Boston, Philadelphia, New Orleans, and Baltimore. Following Puget Sound are the districts of San Francisco, Galveston, Portland, Me., and Pensacola, Fla.

In ten years, from 1894 to 1903, the Puget Sound district rose from the twenty-first in the magnitude of its foreign commerce to the ninth among the customs districts of the United States.

It is perhaps interesting to note that Puget Sound stands first in the United States not only in exports of manufactured lumber, by which I refer to boards and planks, as they are classed in the returns, but also in shingles, in fowls, and in bristles.

Puget Sound is second in the exports of sheep, buckwheat, oats, baking powder, cotton cloths, dried herring, canned salmon, hay, malt liquors, and manufactures of tin.

Puget Sound is the third district in the United States in exports of cycles, ginseng, cider, copper ore, printing paper, milk, and onions.

It is the fourth in exports of barley, wheat, wheat flour, bran, middlings, and mill feed, candles, canned fruits, and gunpowder; fifth in exports of eggs and malt; sixth in exports of furniture, salt, hogs, oysters, hops, and nursery stock; seventh in exports of horses and copper, and eighth in exports of fresh fish.

These are certain lines of exports in which this district takes a much higher rank than its average rank in the volume and value of its total exports.

It may be interesting to your honorable Commission to hear something about the historical development of the commerce of this port, with such suggestions as may bear on the question of foreign or American ships engaged in the service.

#### A SUBSIDIZED BRITISH LINE.

The first steamship line established north of San Francisco was the Canadian Pacific Line, the service inaugurated from Vancouver, British Columbia, in the year 1887. I should state in this connection that the establishment of that line was due to the patronage of the Government. The British Government and the Dominion government granted to the Canadian Pacific Steamship Line a liberal subsidy for carrying the mails, and the arrangement made was that the steamships should carry the troops crossing the Pacific, and that they should also be used for auxiliary naval purposes in case they were required. For these privileges the British Government and the Dominion government made very liberal provision, and it was through the fostering aid of those governments that the first North Pacific steamship line was established.

Long before that time the Pacific Mail and the Occidental and Oriental Steamship companies were operating from San Francisco to the Orient, and they were then handling a very large oriental traffic brought to the United States. The Canadian Pacific Line was able to secure large east-bound freights from the Orient. The representatives of the Canadian Steamship Line in the Orient were Messrs. Dodwell & Co., and in 1892 they became the representatives or agents of the Northern Pacific Railway when it first entered the trans-Pacific trade from this port. At that time the bulk of the trans-Pacific trade was east-bound imports of tea, silk, and other oriental products. There was little or no west-bound freight to be had here, but the Northern Pacific Railway had completed its transcontinental line to Tacoma in 1887 and wanted to share the east-bound rail traffic in oriental products that was then being handled by the railroads from San Francisco and the Canadian Pacific from Vancouver.

#### THE NORTHERN PACIFIC SERVICE.

The first steamship brought from the Orient to Tacoma was the *Phra Nang*, which arrived in that city in July, 1892. I wish to call your attention to the fact that the inducement to establish that service was the large amount of oriental merchandise which was being imported into the United States through the port of San Francisco or through Vancouver, and the Northern Pacific Railway, which had completed its transcontinental line in 1887 and desired to secure east-bound freight. It was for that reason that the Northern Pacific Railway entered into a contract with Dodwell & Co. to secure some British ship or ships to furnish them traffic to carry across the country.

Now, the business inaugurated by the Northern Pacific Railroad Company at that time has steadily and continuously grown. I should like to call attention to the fact, however, that the volume of the traffic which is now carried across the North Pacific is carried to the west instead of to the east. Whereas the traffic to begin with was east-bound traffic—products of the Orient imported into this country—the bulk now is west bound, the products of this rich and resourceful country which are marketed in the Orient and in other foreign ports.



The Northern Pacific Railway increased its fleet, and in the course of time it converted three British steamships into ships of American registry. They were the *Tacoma*, the *Olympia*, and the *Victoria*. Under the law providing for the registration of foreign-built ships, where a certain proportion of the value has been expended in remodeling or repairs, those ships were remodeled and became entitled to American registry.

The CHAIRMAN. The law provides that they shall be wrecked in American waters and that the expense of repairing them shall be three-fourths of the value, and then they can be admitted by a special act of Congress.

#### A GROWING BUSINESS.

Mr. PRATT. Those three ships were for a number of years in this oriental traffic from Tacoma. The business of the line increased to such an extent that at least four other carriers of larger tonnage and carrying capacity were added to that line, until in 1902 there was a fleet of seven steamships regularly engaged in this service, the largest of which I think was the *Braemar*, whose gross tonnage was about 3,800, the *Clavering*, the *Duke of Fife*, and the *Glenogle*, of from 3,300 to 3,700 tons each, and the three other ships.

The business of this line developed to a very considerable extent, and by the year 1901 the ships were quite inadequate to handle the traffic of this port. The agents of the line were employing a good many other ships, among them some ships of the "Glen" Line, as it was called, a British line, and they also brought to this port for additional or surplus traffic some of the steamships of the China Mutual Line, a line which has been taken over by Alfred Holt & Co.

In the meantime the Great Northern Railroad had completed its line to Puget Sound and had made a contract with a Japanese steamship line, the Nippon Yusen Kaisha, for the transportation of its freight to the west and the reception of imports from the Orient at Seattle, and that line had also built up a very considerable business.

The Northern Pacific Railway Company appreciated, prior to the merger in 1901, the necessity for larger ships, and it may be interesting to you to know that when the merger was consummated the Northern Pacific Steamship Company had prepared the plans for the construction of six new American-built steamships to take the place of the *Victoria*, the *Olympia*, and the *Tacoma* and the other British ships which were engaged in the traffic from this port to the Orient.

When the merger was effected, the proposition to build six or eight new American steamships for the service of the Northern Pacific Railway was abandoned. But you are all familiar with the fact that Mr. Hill, who then became the dominant power in the Northern Pacific as he had been the controller of the Great Northern from its inception, contemplated the erection of some very much larger ships than the Northern Pacific was intending to build. The *Minnesota* and the *Dakota*, the steamships which have been launched at New London, are very much larger than any steamships which have ever been engaged in the traffic on the Pacific Ocean. In fact they are probably the largest freight carriers in the world, with the exception of those White Star liners recently built.

Your attention may have been called to the fact that the *Baltic*, which recently made her maiden voyage to New York, was compelled

to leave that port a few days ago with 6,000 tons less cargo than she was capable of carrying, because of insufficient depth of water.

Now, the steamships of American build and register which Mr. Hill is to put in this trans-Pacific trade are also very large ships, and it is the impression of the shipping men on Puget Sound in this vicinity that they are really too large for practical use in the trans-Pacific trade. We have sufficient depth of water at Tacoma or at Seattle for ships of the deepest draft, but on the other side of the Pacific it is necessary even now at several ports to lighter cargoes ashore or to lighter them aboard, and undoubtedly a great deal of difficulty will be experienced in handling ships of such great capacity and such great draft.

I think I fairly reflect some of the local sentiment at this seaport when I say that it is believed to have been a mistake to abandon the plan for the construction of carriers of a more medium size for this trans-Pacific traffic. We regard it as somewhat unfortunate that these additional American-built ships should not have been constructed and put into the service of the Northern Pacific Railway in pursuance of its original plans.

#### THE BOSTON STEAMSHIP COMPANY.

However, the Boston Steamship Company entered this field, and you were this morning aboard one of the largest steamships of that line, the *Tremont*, which arrived at this port yesterday afternoon. That is a steamship of more than 9,000 tons gross register and of more than 12,000 tons dead weight carrying capacity. Two of those steamships, the *Tremont* and the *Shawmut* of that line, are the largest steamships engaged in this trade, although there are steamships of the Alfred Holt & Co.'s line operating from Tacoma whose carrying capacity is about the same.

The Boston Steamship Company, as I have said, is an American company. Its ships were built at Sparrows Point, near Baltimore, and it has been in the trans-Pacific trade now for more than two years. The first steamship of the line sailed from Tacoma in July, 1902. The *Tremont* which arrived last night completed at that time her sixth round trip across the Pacific.

Now, the representatives of that line have undoubtedly stated to your honorable Commission, as they stated to a committee of Congress at Washington, that they regard it as indispensable that something shall be done to secure to that company the trans-Pacific traffic, or at least a portion of it that they are entitled to under their bid, in order to make their service across the Pacific profitable.

I should like just at this point to make the suggestion that if the United States wishes to encourage the American merchant marine it should at least encourage it to the extent of giving it its own patronage. The Boston Steamship Company operates not only to Yokohama and Hongkong but to the port of Manila, and it is now developing a much larger traffic between the Philippines and this coast than has been developed by any other line.

#### TRADE WITH THE PHILIPPINES.

In November last the steamer *Lyra* of that line brought the first cargo of Manila hemp to Tacoma that was brought across the Pacific.

Our imports of Manila hemp had previously come by way of the Suez Canal to ports on the Atlantic coast. You will observe that the shortest route from Manila to this country is directly across the Pacific. We think that the importation of Manila hemp by this route is a good achievement in the right direction.

We are desirous at the port of Tacoma, as they are doubtless desirous at other ports on the North Pacific coast, to develop a greater exchange of commodities with our newly acquired possessions in the Orient.

I think the sentiment of this part of the country is strongly in favor of a still greater reduction in the rates of duty on American products exported to the Philippine Islands and on Philippine products brought to the United States. The effect of the abrogation of the duties on our commerce in Porto Rico is certainly an evidence of the beneficial results which will accrue to both sides from such an arrangement.

There is also in the ocean traffic from this port a line of American-built steamers to which no allusion has been made, and properly so, it not being engaged in the foreign trade, the American-Hawaiian Steamship Company, to which I wish to refer for a moment. That line operates from Tacoma and other ports of Puget Sound to Hawaii and thence to New York City. You saw this morning a steamship of the Kosmos line which operates to the port of Hamburg, also encircling the continent of South America.

I am referring to the American-Hawaiian Line because I wish to call your attention to the fact that the steamships of that line, encircling the continent of South America, never stop there, whereas the Kosmos line, which operates from this port around the continent of South America, stops at Mexican, Central American, and South American ports, and is developing a considerable business.

#### A LONG-VOYAGE BUSINESS.

During the last two years—the years 1902 and 1903—34 steamships of the Kosmos line sailed from Tacoma with cargo for Central or South American ports. Fifteen steamships of the American-Hawaiian Line sailed from Tacoma last year and encircled the continent of South America, and stopped nowhere and took no traffic for foreign ports.

Now, that is a fact which it seems to me is worth a moment's consideration. The traffic between Puget Sound and New York City by way of Hawaii being all coastwise trade, is deemed a profitable trade for steamships of American register to engage in. But they do not find it to their interest or advantage to endeavor to compete with a German line covering practically the same route, and which stop all along, with a traffic which must be profitable or it would not be handled.

I may say that the Kosmos line had negotiated contracts with several of the Central and South American governments or the Mexican Government for the handling of mails. It would seem to me to be important to encourage our own American steamship operators who could compete in the foreign trade to make the same efforts to secure a share of the business that their competitors who handle foreign bottoms make.

This leads me to say that I can see no reason why the American steamships which cover identical routes with foreign steamships can not do well or better in many respects in the handling of merchandise.

I should like to relate a conversation which I once had in the port of Southampton. You may recall the fact that in 1899, I think, the steamship *City of Paris* was wrecked on the Needles. Some time after that I was at Southampton and was in conversation with a gentleman engaged in the transportation business at that port, and he recalled the fact that after the *City of Paris* was taken out of service it became necessary for three steamships of that line to do the work of four, and they did it, maintaining their weekly sailing as before.

It was necessary for every ship of that line to make the round trip from Southampton to New York and back in three weeks, whereas all the other trans-Atlantic liners were taking four weeks for the round trip. The steamships were due to arrive at Southampton on Wednesday or Thursday and they left on Sunday. An old weather-beaten stevedore, who had worked on the docks at Southampton all his life, read the notice that the American line would continue its service weekly as before, and giving a new schedule of date of arrival on Thursday and departure across the ocean again on Sunday, and he said, "It can not be done; there is no steamship line on earth that can handle any such rapid trans-Atlantic service; it simply can not be done; the ships can not be unloaded and the new cargoes can not be put on board." The old man saw the next ship come in on Thursday and on Sunday he saw it go out, and as it went out he said, "I don't care, gentlemen; it can't be done." It takes Americans to handle steamships to the best advantage that they are handled anywhere in the world. That is the point I wish to make. I have heard that observation made at a good many ports.

But it is most unfortunate that the number of American steamships is dwindling instead of increasing. It seems to me that as you approach this subject you have to consider a good deal more than local interests and local considerations. There is a broad side to this question, and a very complex series, and difficulties arise whenever one attempts to offer a solution for so difficult a matter.

#### NO EXCESSES OF FINANCE.

I think it is impossible to overlook the fact that American enterprise sometimes overreaches itself. The International Marine has published a statement of its first year's operations. Our American capitalists went abroad and bought a lot of foreign ships. A great trust of steamships was created with a view of handling as large a proportion as possible of the trans-Atlantic trade. The fact that in the organization of that trust there was a notorious and glaring overcapitalization is a matter to be considered in the question before you.

The relation of the actual capital employed to the actual returns obtained ought not to be distorted and disarranged by the creation of a fictitious capitalization to such an extent that the actual relations are lost.

We had the same sort of an unpleasant and unsatisfactory result from the attempt to create a great trust for the building of ships. It is not necessary for me to allude to the United States Shipbuilding Company and its disastrous failure, resulting also from overcapitalization.

I wish to call your attention, gentlemen, to the fact that when we compete with foreigners in either the construction of ships or the

operation of ships we are competing with men who do not as a rule indulge in those excesses of finance to which some of our Americans have become accustomed.

#### FOR MAIL SUBSIDIES.

The question of aid to American ships in order to enable them to engage in the foreign trade suggests of course a good many impractical propositions. It seems to me that if you desire the opinion of an individual, that the aid which should be given should be aid for something tangible in the way of a return. I thoroughly agree with those who have said that they believe aid should be extended in the way of liberal subsidies for the carrying of the mails. That does not provide anything for the American sailor—I mean the “wind-jammer,” a type of vessel which is largely overlooked in this discussion. Perhaps it is a very difficult problem to know what to do for the sailing vessel. There was a time when the American sailing vessel was seen everywhere. This is a port where sailing vessels are very much in evidence.

We have sent out from year to year from 200 to 300, sometimes 400 ships, carrying wheat or lumber, most of which are propelled by sails. We see a great many sailors in this port. We see a great many of those vessels here at certain seasons of the year. We passed the old town mill this morning, where I have counted 15 sailing vessels loading at one time. We have seen in the harbor here lying at anchor from 10 to 15 wheat carriers discharging ballast and at anchor before they came into the docks to take their wheat cargoes. They go from here to all parts of the world. We see a great deal of them. Most of those ships that come here are foreign vessels. They are German, British, French, and Norwegian, and they belong to many other nationalities; but it is rarely that we see a sailing vessel flying the American flag.

#### THE LUMBER CARRIERS.

We have launched at the shipyards on the Puyallup some wooden vessels which have gone into the foreign trade, taking their first cargo from the mill adjoining the shipyards where they were built. We have seen from time to time that occurrence. It is gratifying to us as Americans, as Tacoma citizens, to see a sailing vessel built and sent away from Tacoma with a cargo for a foreign port. But we see so few of them that we would like to have something done to stimulate that trade.

Representative SPIGHT. Are you building any of those sailing vessels now?

Mr. PRATT. We have built at least three of those sailing vessels at this port within the last three years.

Mr. WHITEHOUSE. In the last eighteen months.

Mr. PRATT. I will say that within three years we built three. Since that time the only wooden vessels built at this port were steamers.

Representative HUMPHREY. Were those three for the foreign or domestic trade?

Mr. PRATT. The first one took a charter for Australia. I think it carried a cargo of lumber from St. Paul direct to Australia. The *J. C. Meyer* was one; the *Thomas P. Emigh* was another. I do not know that I can recall the name of the third.

Representative HUMPHREY. The point I make is this: Are any boats now being constructed for the foreign trade, or has any order been given in the last two years for the construction of a vessel for the foreign trade?

Mr. PRATT. I think not.

Representative HUMPHREY. It is my understanding that there has not been such an order given in the United States.

Mr. WHITEHOUSE. The building of sailing vessels has practically stopped since the French bounty earners got into this territory.

Mr. PRATT. I might say that three years ago, before the French bounty earners came here, it was a familiar thing to hear of a charter for a wheat carrier to the United Kingdom at 40 shillings or more, whereas now, since the French bounty earners came here, and of course there has been a surplus of tonnage, charters have fallen in some instances as low as 15 shillings. Of course there is no profit in the foreign trade in sailing vessels at such charter rates. I think the French Government is very much to blame for a part of it, having sent a great number of sailing vessels over here to earn bounty as wheat carriers.

#### THE NORTHERN PACIFIC STEAMERS.

Representative SPIGHT. I should like to ask you about those three boats you spoke of being admitted to American registry, the *Victoria*, *Olympia*, and *Tacoma*. Did they ever engage in the coastwise trade, or were they exclusively in the foreign trade?

Mr. PRATT. They are now engaged in the coastwise trade, but they were exclusively in the foreign trade for a great many years.

Representative SPIGHT. Were those vessels wrecked in American waters so as to enable them to be admitted to American registry?

Mr. PRATT. I do not know the particulars about their registration.

Mr. WHITEHOUSE. They were given American registry as a part consideration of turning them over to the United States Government during the Spanish war and on account of the service rendered the Government then as transports. It was done by a special act of Congress.

Representative MINOR. Are you sure about that?

Mr. WHITEHOUSE. I feel quite sure that it was done by special act of Congress in return for the service rendered the Government in turning them over as transports during the Spanish war.

The CHAIRMAN. The observation made a few moments ago might have been misunderstood when I said it was necessary that the vessel should be wrecked in American waters and the expense of repairs shall be three-fourths of the value. That relates to the coastwise trade. Those conditions must be complied with to enable a foreign vessel to enter the coastwise trade; but it may be admitted to American register by a special act of Congress.

Mr. PRATT. I should like to repeat, in conclusion, that I think the United States Government ought to patronize the merchant marine wherever it can, in preference to taking business away from it and handling it in transports of its own. I am very positive in my conviction on that point.

## IMPORTANCE OF THE PHILIPPINES.

In the next place, I should like to see the coastwise laws extended to the Philippines and to that trade, as will be done.

The CHAIRMAN. That is provided for.

Mr. PRATT. That will be done in 1906, and in connection with it I should like to see a still greater reduction in the duties at either end of that traffic. It seems to me that the Philippines are in a way the key to the commerce in American bottoms with the Orient. There is enough commerce at Manila to justify, with a monopoly of it for American bottoms, a good many ships going into the trans-Pacific trade and making other ports in the Orient. It seems to me it is the practical and legitimate object of our efforts to secure as much as possible a Philippine trade, which is coastwise, or will be coastwise, in order to develop hand in hand with it a larger oriental trade carried in American bottoms.

In the next place I should like to urge that liberal arrangements be made for the carrying of mails in American bottoms, and that if possible, though I have no practical suggestion to offer, something be done for the American sailing ship.

Representative SPIGHT. Mr. Pratt, just one other question. What do you think of the danger that the Government would be held up—I mean in prices—by the private lines if the Government should abandon the transport system?

Mr. PRATT. I understand that the cost of transportation up to date in Government transports has exceeded the cost of transportation by private carriers.

Representative SPIGHT. It was stated in our hearings at Seattle day before yesterday by the manager of the Boston Steamship Company that in the last two years their line could have saved the Government \$150,000 in the work done by the *Dix* alone. What do you think about that proposition?

## THE DIX ONCE MORE.

Mr. PRATT. I have no means of knowing whether that statement is correct or not. I know, and it may be interesting to state, that the *Dix* left Tacoma about the last of December, 1902, with a cargo of more than 3,000,000 feet of lumber. It went to Manila with it and returned. I have the date of its next sailing with the largest cargo of lumber ever shipped by any steamship. I should like to give you the details of that cargo. On the 27th of May, 1903, the *Dix* carried from Tacoma 3,900,156 feet of lumber. It had made the round trip to Manila between, I think, the 27th of December, 1902, and the 27th of May, 1903. It took about five months for it.

Now, if it cost more for the *Dix* to do that it was probably because they might have been slower in loading and getting away and in getting back. I do not suppose that a Government official handling a steamship is under the same pressure that a master is who has to account to the owners of the ship for her expenses. I do not suppose that in the Government transport business there is a greater effort made to secure economical results than will be made by agents or representatives of owners whose position perhaps depends on their making a good return.

The CHAIRMAN. It is a fact, is it not, Mr. Pratt, that in all lines of business in which the Government engages it costs more than where private parties perform it?

Mr. PRATT. That is the general opinion.

#### THE TRANSPORT ANOMALY.

The CHAIRMAN. As I understand you to argue, you think it an anomalous situation that a commission is sitting trying to devise some means whereby through governmental aid in some direction the merchant marine shall be benefited and the Government itself at the same time is engaged as a competitor with private enterprise in transportation on the high seas?

Mr. PRATT. Yes, sir.

The CHAIRMAN. I think so, too.

Mr. PRATT. I have particularly in mind the Boston Steamship Company, which operates from this port and Seattle, and which entered into competition for a contract with the Government. It secured it in a fair and legitimate contest. The owners of the *Tremont* and the *Shawmut* went to a very large expense to convert those boats into passenger carriers capable of taking a regiment of troops across the Pacific, and the War Department has never shipped a company by them. They have been ready to handle the troops for a year, and have a contract under which they naturally expected to be given a share of business, but the transports have continued carrying them back and forth all the time. It seems to me that that is rather going to the limit of the Government's right under its contract.

Senator FOSTER. Taking business away from private business people?

Mr. PRATT. Yes.

Representative HUMPHREY. I should like to ask you whether you do not think if the Government transport business was given to private enterprise on the Pacific coast that in itself would form a very important nucleus for the establishment of trade lines, especially between here and Manila?

Mr. PRATT. I think so. I think the Government business in Cuba had a good deal to do with developing trade in Cuba. The Government business in Manila has had a good deal to do with developing trade in that direction.

There is some Government transportation that does not enter into our customs reports. I wrote to Mr. Austin, the Chief of the Bureau of Statistics, and asked him why it was that the Philippine trade with the district of Puget Sound did not amount to as much for a year as the sum total of the amounts reported from month to month in his monthly summary; that I should like to know the reason for a shrinkage when it comes to making up a year's summary.

He wrote back to me that in August there was a large shipment of ordnance by the Boston Steamship Company's line, and on the manifest it was shown there were so many kinds, all valued at so much, \$132,000 worth of goods, and it went into the report for the month, but they struck it out, concluding, and properly concluding, that it was no part of our foreign commerce. But when the Government buys 3,900,000 feet of lumber to ship to the Philippines it is legitimately there. That lumber was sawed at the St. Paul mill and the old town mill, and



one large cargo after another went out, it was claimed, in competition, carried by the Government instead of being transported by a line which is built, constructed, and put into the service here to carry the legitimate traffic of this port. The transport *Dix* came here and took two or three great cargoes which belonged to the merchant marine running from this port to Manila. That is the way it seems to me.

WITHOUT JUSTIFICATION.

Representative HUMPHREY. What justification is there in your mind for the continuation of that transport business?

Mr. PRATT. I do not think there is any justification for it. I think it ought to have been discontinued and the boats sold a long time ago. It stands to reason that the Government will never get their money back out of them. They are old boats. They were old when the Government bought them. The Government had to have boats and had to have them in a hurry; and under those circumstances the Government or anybody else would probably pay more than they were worth. The use of them has really expired. It does not make any difference to the Government whether the Government gets back their fair value or not; they served the particular purpose for which they were required.

Senator FOSTER. They earned the money paid for them?

Mr. PRATT. They earned their money. They were needed in time of war, and in time of war it is not a question of saving a few dollars. It is a question of getting your troops there; it is a question of getting your provisions and forage and everything that is required on the spot, without a minute's consideration as to whether it is going to cost a little more or a little less. Those are emergencies.

Representative SPIGHT. Is it true, or not, that all, or practically all, these Government transports are foreign-built vessels?

Mr. PRATT. I do not know. I think most of them are.

Representative SPIGHT. We can readily see how the change you suggest—the abandonment by the Government of this method of doing its own business and turning it over to private lines—would help the private shipping interest. Now, if it is also demonstrated that the Government will save money by taking that course, is there any reason on earth why it should not be turned over to the private lines?

Mr. PRATT. I can not think of any.

WHO COMMANDS THE TRANSPORTS?

Representative MINOR. I wish to ask you just one question, Mr. Pratt. Are these transports officered by naval officers?

Senator FOSTER. No; they are not.

Mr. PRATT. I do not think they are. I was recalling the captain of the last transport that I was on board of. He was not a naval officer; he was master of the ship, and the only captain on board was a captain of the army.

Senator FOSTER. They belong to the Quartermaster's Department.

Representative MINOR. Then, if they belong to the Quartermaster's Department any commissioned officers on board would be army officers?

Mr. PRATT. There were army officers on board. Captain Panton was on board.

Senator FOSTER. An English officer?

Mr. PRATT. He was an English officer, but he was the captain. I am speaking of the transport that was here two years ago.

Representative MINOR. An English officer in charge of an American transport?

Mr. PRATT. Yes, at that time.

Senator FOSTER. It was none of these transports now operating here.

Representative MINOR. Can anyone speak authoritatively as to whether if the ships belong to the Quartermaster's Department army officers are required by the Department to be on board them and in command?

Senator FOSTER. They are not. It is only when they carry their troops over. Then they have their officers on board.

Mr. WHITEHOUSE. There is always an officer of the Quartermaster's Department on board, who is in charge of the cargo. The captain of the ship is operating the ship, but the officer of the Quartermaster's Department is in charge of the cargo and directs where the ship shall go, etc.

Senator FOSTER. He is a civilian, is he not?

Mr. WHITEHOUSE. I do not know.

Representative MINOR. The captain of the ship, then, is a private citizen, responsible only to the War Department?

Mr. WHITEHOUSE. In the employ of the War Department.

#### OPPOSED TO THE TRANSPORT SYSTEM.

Representative MINOR. There is only one thing I know that the Government has ever undertaken to do where it has succeeded in doing it a little cheaper, perhaps, than private parties, and that is dredging. It has succeeded in removing material out of harbors sometimes at a less price than could have been done by private parties, but that is because the Government owned the dredges. It is quite natural for a captain who is working for an individual or a private corporation to strive to make it as profitable for the owner of the vessel as is possible. That he must do. He has to render an account of himself and his ship. But the Government does not require that.

Therefore, she can linger on her way as long as she has a mind to. She comes over here and loads with cargo and goes back to the Philippine Islands, and as long as the ship gets around during that year the Government is not liable to make inquiry. But if that captain is sailing a vessel for you, Senator Foster, you will want to know where it is every day. It follows that it is practically impossible for the Government transports to transport commodities as cheaply as private individuals or corporations would do. I believe it is the unanimous opinion of the Commission—I am not speaking by authority, but I speak for myself—that this system ought not longer to exist. And that is all there is to it.

Mr. PRATT. I think I could offer a comparison. I mentioned the fact that the *Dix* left here about the 27th of December, 1902, and that she left here again on her next voyage with her 3,900,000 feet cargo of lumber on the 27th of May, 1903, which was just five months later. I have the record of the sailings of the Boston Steamship Company, which operates to the very same port. The *Shawmut* left here December 8, 1902, went to Manila, stopped at various other oriental ports,

came back, and left again for Manila on the 24th of March, in just a little over three months.

Representative SPIGHT. Returning two months earlier than the Government transport.

Mr. PRATT. The *Lyra* left here on the 27th of December. She left again on the 19th of April, having made the round trip. I know that at that time practically all the boats were carrying considerable lumber; there were large lumber shipments on some of the Boston liners at that time, some very considerable ones.

Senator FOSTER. Where was the *Dix* all this time? Was she coming from San Francisco loaded with soldiers?

Mr. PRATT. No; she went out of this port; stopped to take on coal at Seattle, under a contract which required her to coal there, but she was loaded away down into the water with lumber when she went out of here. She stopped less than a day at Seattle and went on to Manila. When she came back she loaded up here again, and went out of here on the date I mentioned. Now, she made only one trip to the Orient and back. I do not know how much loafing around she did, but it took a great deal longer than it took these merchant ships to take cargoes across there, discharge them, and come back, and start off again.

Representative SPIGHT. How much return cargo did the *Dix* have?

Mr. PRATT. Not much, if anything. It might have brought back some army stores. On one trip the *Dix* brought some exhibits for the St. Louis Exposition, but I do not think it was on either of these trips; I think it was later in the year.

The CHAIRMAN. Have you anything further to suggest, Mr. Pratt?

Mr. PRATT. I have nothing further to suggest. I am much obliged to you, gentlemen.

#### STATEMENT OF H. D. CRAWFORD.

Senator FOSTER. Mr. Chairman, we have here Mr. Crawford, from Grays Harbor, the town of Aberdeen, a great manufacturing town.

The CHAIRMAN. The Commission will be pleased to hear Mr. Crawford.

Mr. H. D. Crawford appeared before the Commission.

The CHAIRMAN. Mr. Crawford, how far is Grays Harbor from Tacoma?

Mr. CRAWFORD. It is about 90 miles from Tacoma. It is south-westerly from here.

The CHAIRMAN. In what line of business are you engaged?

Mr. CRAWFORD. In the newspaper business. I am a newspaper editor.

I would say, gentlemen of the Commission, when the announcement was made of the appointment of this Commission for an investigation, I am sure that over the country at large, and particularly perhaps on the Pacific coast, there was a general felicitation over the prospect of the Commission devising ways and means through its investigation which ultimately would result in the rehabilitation of our merchant marine. I am very certain you will find in your interviews along the coast an entire unanimity of opinion as to the general proposition, with perhaps some diversity of opinion as to the best ways by which the desired end is to be attained.

I am sure also that you will be impressed with the intense loyalty of the gentlemen of the different communities to their own communities, and yet in a still larger way I am sure you will be impressed with their loyalty to the commercial interests of the Pacific coast, independent of little community rivalry.

In Grays Harbor we are in the Puget Sound customs district, and, in a small way, we do our part toward swelling the totals Mr. Pratt called your attention to at the beginning of his address. In the one city in which I live, which is one of three harbor cities—in that one city alone the cargo shipments of lumber are greater than from any other port on the Pacific coast. The larger share of that commerce is coastwise. I presume, taking the two years last past in which we have had first rank in cargo shipments, perhaps only 15 per cent of it is foreign and 85 per cent coastwise.

While Tacoma leads us in the total lumber cut, it remains true that in the total of cargo shipment we led Tacoma last year by nearly 40,000,000 feet, the year before by about 25,000,000 feet, I think, and the year before, when we attained the first place, by something less than that. I am speaking generally.

#### A SHIPBUILDING PORT.

On Grays Harbor, beyond the two cities of Aberdeen and Hoquiam, we have had three quite large and well-equipped shipyards in operation. While sitting here I was mentally checking off the schooners, sailing vessels, and steam vessels which have been constructed there, and I could count up 18 vessels which have been built in those three shipyards in the last five years. Just sitting here I can recall only three that have been built in the last two years.

Five years ago, and four years ago, there was intense activity, when charter prices were high and freighting by schooner, steam and sailing, profitable. There was quite a stimulus to our shipbuilding industry, and it resulted in the investment of a large amount of capital and the equipping of some very complete and perfect plants for that purpose.

Representative SPIGHT. Do you build both steam and sailing vessels?

Mr. CRAWFORD. Yes; steam and sailing.

Representative SPIGHT. All wooden vessels?

Mr. CRAWFORD. All wooden vessels, the sailing vessels having perhaps a carrying capacity averaging from seven to eight hundred thousand feet, the steam schooners having a capacity perhaps of 800,000 to 950,000 feet, scarcely reaching the million mark. During the past two years, as I recall it now, with the exception of three orders for vessels, one of which was sailing and two steam schooners, the shipyards have been idle, nothing but the marine railway attached to one of them and recently installed having any business whatever to do.

I am convinced that if some way could be devised whereby our local or coast carrying trade would not be put into such disastrous competition with the low charter rates offered by foreign bottoms we would find to a larger or less degree a revival of the shipbuilding industry on the Pacific coast.

I have nothing further to call your attention to except the fact that, as I have already indicated, you will find an entire unanimity of opinion as to the desirability of something being done looking to the rehabilitation of our merchant marine.

It is my impression that there is a law already which gives preference in governmental business to American bottoms. Is there not?

The CHAIRMAN. For the coastwise trade, foreign vessels being excluded absolutely.

Representative MINOR. We enacted a statute at the last session of Congress—

Representative HUMPHREY. A statute giving American vessels preference in carrying Government supplies.

Mr. CRAWFORD. I was thinking that that was true.

The CHAIRMAN. Yes; in the coastwise trade and by the act relating to Government supplies.

Mr. CRAWFORD. Speaking for our own section of the State and coast, we are delighted to have the Commission visit this part of the country and to go into a thorough and exhaustive investigation of conditions as they are. We are optimistic here. We are looking forward to the time that is coming—and evidences of it are very easily to be noticed—when over this Pacific sea there will go a great volume, and a constantly increasing volume, of commerce and business. We are looking forward to the opening up of markets along the Asiatic seaboard. We expect by virtue of our position along the Pacific coast to have certain advantages in securing that commerce, if we are not handicapped by the conditions as they at present exist.

I assure you, gentlemen, in your efforts to find the wise and right and sane solution of these intricate and complex problems you have the earnest sympathy and the cordial good will of our people.

Representative MINOR. Grays Harbor is not a part of Puget Sound, I understand?

Mr. CRAWFORD. No; it is not.

Representative MINOR. I had hoped it might be a part of the Sound. It would have helped me to solve certain questions.

Mr. CRAWFORD. We have our identity somewhat submerged by virtue of being in the Puget Sound customs district. Down our way, I will say just in passing, we were surprised to learn in the bulletin published by the Department of Commerce giving the lumber traffic of the State of Washington, all of that which belongs to the Puget Sound district, including Grays Harbor, Tacoma, and other places, was credited to the city of Seattle. Congressman Cushman disclaims any responsibility for that bunch of statistics.

Senator FOSTER. We shall hear from Mr. Cushman before the hearing closes.

The CHAIRMAN. We are much obliged to you, Mr. Crawford.

#### STATEMENT OF H. L. PETTERSON.

Senator FOSTER. Mr. Chairman, I will introduce to you Mr. H. L. Petterson, representing the Tacoma Seamen's Union. He desires to present a statement and to answer any questions the Commission may wish to ask him.

Mr. H. L. Petterson appeared.

The CHAIRMAN. Mr. Petterson, whom do you represent?

Mr. PETTERSON. I represent the Sailors' Union of Tacoma.

The CHAIRMAN. Are you an agent of that organization?

Mr. PETTERSON. Yes, sir; I am agent of the Sailors' Union.

The CHAIRMAN. Is that a local union?

Mr. PETTERSON. Yes; one of the branches, with coast headquarters at San Francisco.

The CHAIRMAN. One branch of our inquiry is to ascertain whether or not there are any grievances—any valid grievances—on the part of the sailors; and if so, to try to make recommendations that will remove them, with a view of making the seafaring calling more attractive. Do you wish to address yourself to that branch of our inquiry?

Mr. PETTERSON. I have a communication here that I should like the secretary to read, if it is convenient.

The CHAIRMAN. The secretary will read it if you desire it.

Mr. PETTERSON. Then if there are any questions I will answer them.

The CHAIRMAN. Very well. Be seated until the paper is read. We may want to interrogate you a little.

The secretary (Mr. Marvin) proceeded to read the paper.

The CHAIRMAN. I will say in reference to this memorial that we had it in identical form and phraseology presented to us at Seattle, and I am not sure but at other places where we have held hearings. For that reason it is hardly worth while to take time to read it, and if there be no objection on the part of my associates upon the Commission, I will ask that its further reading be dispensed with.

Representative SPIGHT. And that it be filed with the secretary.

The CHAIRMAN. And that it be filed with the secretary.

Senator FOSTER. And that it be made a part of the record.

The CHAIRMAN. We have it already in the record and it is not necessary to encumber the record with it. Mr. Petterson, have you any personal grievances to present or suggestions to make concerning American seamen?

Mr. PETTERSON. In the first place, the places where they live on board.

The CHAIRMAN. Reverting to this memorial, the secretary had reached a point where the statement is made that under the old laws the seaman was a slave, but it goes on to say that under recent statutes which Congress in its wisdom has enacted, those grievances and wrongs have been removed to a very large extent. Now, have you any specific suggestion to make?

#### IN THE FOREIGN TRADE.

Mr. PETTERSON. Well, I should like to get a little hold in the foreign trade as well as the coasting trade. It is not removed yet in the foreign trade.

The CHAIRMAN. In what particular?

Mr. PETTERSON. If you sign a contract in a vessel, it is no more than signing a contract before. If you leave the vessel before the expiration of the time, you can get arrested for trial and thrown in jail.

The CHAIRMAN. Do you claim that if you sign a contract to make a round voyage you ought to be permitted to break that contract at your will and to leave the vessel?

Mr. PETTERSON. Just the same as an American ashore can. Why should he not, any place where they can get any other man?

The CHAIRMAN. Do you think you ought to have the right to break a contract you had voluntarily signed? That has been pressed upon the Commission before. Do you as an individual think you ought to have that right?

Mr. PETTERSON. Yes, sir.

The CHAIRMAN. Mr. Pettersen, where were you born?

Mr. PETTERSON. Sweden.

The CHAIRMAN. Are you an American citizen?

Mr. PETTERSON. Yes, sir.

The CHAIRMAN. Have you sailed on American ships?

Mr. PETTERSON. Yes, sir; for over fifteen years.

The CHAIRMAN. You have sailed on ships of what other nationalities?

Mr. PETTERSON. I sailed in English ships, and one was a Swedish ship. I was in the Swedish navy for about three years.

The CHAIRMAN. Did you sail on American ships more recently than on ships of other nationalities?

Mr. PETTERSON. Yes; on the coast here for the last fifteen years.

The CHAIRMAN. What has been your experience or observation in reference to the condition of the sailors on the ships of the various nationalities? Do they fare as well, or better, on American ships than on other ships?

#### A CHARGE OF SHANGHAING.

Mr. PETTERSON. Right now on American ships, with the exception of coasting ships, not in the case of grub; that is better than on some of them, but in the case of treatment they are worse, and they are known all over the world, although they have improved some. The American can hardly get men in any port of the world to-day except the men are very plentiful. A vessel left here, called the *Henry Failing*, bound for Australia, and she was fourteen days in this port and could not get a man to go on her; and I know that those men who went on board her were not sailors. Not one of them was a sailor. They were shoemakers and tailors, and all that kind. A part of them were shanghaied. One man even jumped overboard, and so far as I know he was drowned before he could reach the shore.

The CHAIRMAN. What suggestions would you make that would induce sailors to ship on American vessels?

Mr. PETTERSON. To give them the same treatment—they never have the same treatment—as a man gets ashore when he is working. Give them certain working hours, give them a decent place to sleep, and give them enough to eat, and I believe the American boy will go to sea as soon or sooner than he will stay ashore.

The CHAIRMAN. Do you find fault with the food scale that Congress has provided for American ships?

Mr. PETTERSON. The food scale is no better than most of them, with the exception of butter and water, and that is too little too. The water in my experience among any ships in foreign trade is not enough. It is 4 quarts of water, and that includes cooking and everything. I have gone myself for twelve hours without anything to drink.

The CHAIRMAN. That is, on sailing vessels?

Mr. PETTERSON. That is on sailing vessels. On steamships it is a little better, on account of condensed water, perhaps.

The CHAIRMAN. The gentleman who presented this same memorial to us said he had no fault to find with steam vessels.

Mr. PETTERSON. No; the steam vessels are far better both in living and everything else. They carry more water and they are not so long at sea.

The CHAIRMAN. The Commission has had this question presented to it at several places and we are going to give it careful consideration.

#### BETTER FORECASTLES.

Mr. PETTERSON. Thank you. I should like just one word in regard to the place they live in—the forecastle. At present shipping is very dull; no vessel in port. But the place where they live is very poor, the poorest kind of a place. I know a whole lot of American boys who have gone to sea for six months and twelve months and stopped sailing and are working in sawmills and anything else. They tell me they would rather go anywhere than to go to sea as long as the condition is such as it is now.

The CHAIRMAN. The quarters are not large enough, you say?

Mr. PETTERSON. No. A good many of these schooners have a little hole down below that you crawl down. It is not wide enough for a man to move in and they have four and six men there. They ought to put a little better place for a man to live in. Many times I have got soaking wet through sleeping there, the water pouring in and leaking all over. That is one of the worst conditions aboard a vessel—the place they live—and that is the reason it is so hard to get sailors for the sea.

The CHAIRMAN. Is that condition any better on the sailing vessels of foreign nations?

Mr. PETTERSON. I do not know, but that is a small calculation. In foreign vessels I suppose it is much the same.

The CHAIRMAN. Some gentlemen speaking for practically the same interests you do, have admitted to this Commission that they are scarcely as good.

Mr. PETTERSON. I say they are no worse. In the English ship generally they have got a pretty good forecastle—big room. They are too small, that is the principal thing. On the new schooners they generally build houses on deck, but they are not large enough; they are too small. You can not eat inside of them, and many times you have to take your grub right out in the rain and sit on deck to eat. There is not room enough for 6 men on the schooner, and I think they ought to be compelled to make the places big enough for that. I have had to go out many times and eat in the rain on deck because the place is too small altogether to eat inside.

#### A RIGHT TO QUIT.

Representative MINOR. I understood you to say that you thought the sailor ought to have the right to violate a civil contract at any time he saw fit.

Mr. PETTERSON. Yes.

Representative MINOR. You believe that?

Mr. PETTERSON. Yes; I believe that.

Representative MINOR. Do you think that the vessel ought to have a right to discharge their crew in any port whenever it suits their purposes?

Mr. PETTERSON. I believe in giving an equal show on both sides.

Representative MINOR. That is fair.



Mr. PETTERSON. But the idea is not that. In a foreign port if you break your contract you lose by law all the money coming to you and all things belonging to you. That is the law to-day. In the coast countries like Newfoundland, Mexico, and those countries around here you can quit any time you like, and you forfeit your wages and all your belongings, if you leave any clothes or anything behind. Why not be able to do the same thing in a foreign port?

Representative MINOR. I want to get your idea, Mr. Petterson.

Mr. PETTERSON. I understand, sir.

Representative MINOR. Did I not hear you say something about shanghaiing sailors, etc.?

Mr. PETTERSON. Yes, sir; they are doing it every day all over Puget Sound.

Representative MINOR. Shanghaiing?

Mr. PETTERSON. I do not know what you call shanghaiing. That is what they call it.

Representative MINOR. As they understand it on the Atlantic coast it is to get men drunk in sailors' boarding houses and take them on board a vessel.

Mr. PETTERSON. Yes; any way they can get them aboard.

Representative MINOR. Do you claim that that practice is going on here on Puget Sound?

Mr. PETTERSON. Yes, sir; it is going on here on Puget Sound.

Representative MINOR. What is the matter with the shipping commissioners?

Mr. PETTERSON. The shipping commissioners know nothing about it.

Representative MINOR. That is a violation of the law. Have any complaints been made by your Sailors' Union?

Mr. PETTERSON. Yes; we have had lots of kicks about it.

Representative MINOR. No; but have you made complaint to the district attorney?

Mr. PETTERSON. It is pretty hard to find it out at the time when it is done. What was the reason this man jumped overboard from the last vessel—the *Henry Failing*—and tried to swim ashore?

Representative MINOR. I do not know. He might have been drunk and he might have been sober. I do not know anything about that; I can not tell; but the Commission is desirous of getting at this thing. You have made a specific charge. Now, I think it is the duty of your union to make complaint if you know that these things exist.

Mr. PETTERSON. We have made complaint many a time, sir, about that.

Representative MINOR. Has any action been had?

Mr. PETTERSON. No.

The CHAIRMAN. To whom have you complained?

Representative MINOR. Yes; to whom have you complained?

The CHAIRMAN. To the shipping commissioner or the district attorney?

#### NO COMPLAINT TO OFFICIALS.

Mr. PETTERSON. I have not made any complaint on this subject.

Representative MINOR. Do you know of any complaint having been made?

Mr. PETTERSON. I have heard of lots of complaint all over the coast.

Representative MINOR. I know; but has it been made in an official way, to the proper officer?

Mr. PETTERSON. I heard about it in San Francisco. It is not carried on now as much as it was ten years ago. It has been better a whole lot.

Representative MINOR. I am glad to hear that. But now, do you not really think you have made a pretty broad charge here that it might bother you to back up? If you have not made a broad charge, it is a serious business and this Commission wants to get after it. I advise you to look for your proof before we get away. Come in at any time you please to-morrow forenoon and tell us whether you have any witnesses to prove it. If you can not do it we shall have to discount it.

The paper presented by Mr. Petterson being a duplicate of the one submitted by Edward Rosenberg, at Seattle, and incorporated in the hearing at that place, is omitted from the record; but the chairman, on the request of Mr. Petterson, directed that the signatures attached to the paper should be printed. The names follow: H. L. Petterson, agent Sailors' Union, Tacoma; Tom Thompson, A. B.; Richard Laling, cook; Julius Alonzo, cook; O. Peterson, marine fireman; F. Eglit, marine fireman; Ch. Thom, A. B., members of the International Seamen's Union, at Tacoma, Wash.

#### STATEMENT OF LINCOLN DAVIS.

Mr. DAVIS. Mr. Chairman, I merely wish to say that I was in South Bend last evening and a communication had been sent down there to the president of the commercial club. He was out of the city and unable to come to attend, and there was nobody else they could find; it was quite late, and they requested me on their behalf to submit to this Commission a statement showing the amount of logs and lumber they are handling there, in view of making an application to get an appropriation from Congress shortly to do some dredging in the Willapa River.

The CHAIRMAN. I will state that that is entirely foreign to the inquiry this Commission is engaged in making. That would go to the Committee on Rivers and Harbors of the House, and to the Committee on Commerce of the Senate. But we will be pleased to listen to you.

Mr. DAVIS. That is practically all there is to it.

The CHAIRMAN. You might convert the members of the two Houses who chance to be present and they might vote for your appropriation, but we could not take cognizance of it in our report.

Mr. DAVIS. They simply requested me to do this. I tried to get out of it.

Representative SPIGHT. We will be glad to hear you.

The CHAIRMAN. Yes; we will be glad to hear you.

Mr. DAVIS. I will state that South Bend is located about 100 miles from here. At low tide we have 23 feet of water. We shipped from there in 1902, according to the Government report, 31,000,000 feet of logs that were cut there, and their business has almost doubled since that time. There have been three more large mills erected there and they are all running at full capacity, full time. It is also one of the heaviest and best timbered districts that there is in this State. They

never had any appropriation and they felt that they were entitled to consideration. That is all.

The CHAIRMAN. We are pleased to have heard from you.

The statement submitted by Mr. Davis is as follows:

*Water shipments, Willapa River and Harbor, calendar year 1902.*

	Exports.		Imports.	
	Quantity.	Value.	Quantity.	Value.
Dry goods ..... tons			50	\$60,000.00
Oysters ..... do	350	\$15,000.00		
Hardware ..... do			125	12,500.00
Lath ..... feet B. M.	847,508	695.00		
Logs ..... do	(a)	(a)	47,117,405	
Lumber ..... do	81,030,762	276,354.33		
Groceries ..... tons			250	37,500.00
Total.....		292,049.33		110,000.00

<sup>a</sup> Local consumption.

Shipped from Willapa Bay in 1903, \$150,000 of native oysters.

*Statement of logs floated down and rafted from the various streams emptying into Willapa Bay for the year 1902.*

	Feet B. M.
Willapa River.....	5,185,642
South Fork of Willapa River.....	857,637
Wilson Creek, tributary of Willapa.....	274,843
North River.....	9,145,335
Smith Creek, tributary of North River.....	1,940,833
Cedar River.....	1,000,000
Nasel River.....	21,760,697
Nemah River.....	5,342,418
Bear River.....	600,000
Palix River.....	1,000,000
Total .....	47,107,405

Of the above amount about 5,000,000 feet were rafted to Nahcotta and shipped by rail to the Columbia River.

*Vessels engaged in local traffic.*

Name.	Type.	Length.	Beam.	Depth.	Draft.	Gross Tonnage.
		<i>Feet.</i>	<i>Feet.</i>	<i>Feet.</i>	<i>Feet.</i>	<i>Feet.</i>
Astoria.....	Tug.....	109.5	23.5	12.0	13.0	152
Cruiser.....	Passenger steamer.....	70.0	16.0	6.1	7.0	62
Edgar.....	Steamer (mill tender).....	60.0	14.0	6.0	6.6	26
Reliable.....	Passenger steamer.....	81.0	17.6	6.0	6.6	69

Steamers *Cruiser* and *Reliable* make daily trips to Nahcotta and return from South Bend. Distance, 34.7 miles.

The tug *Astoria* tows vessels in and out over the bar.

Besides the above there are two small gasoline launches of about 8 tons burden.

*Statement of vessels employed in traffic for the year 1902, Willapa River and Harbor.*

Rig.	Name.	Length.	Beam.	Depth.	Draft.	Tonnage.	Trips.	Destination.
		<i>Feet.</i>	<i>Feet.</i>	<i>Feet.</i>	<i>Feet.</i>			
Barkentine..	Gleaner .....	151.0	36.0	11.0	16.0	413	1	San Francisco.
Schooner...	Volunteer.....	128.4	38.9	12.0	16.6	585	4	Do.
Do.....	North Bend.....	153.5	32.8	11.2	14.0	378	4	Do.
Do.....	Novelty.....	168.2	39.0	13.0	17.0	592	3	Do.
Do.....	Churchill.....	178.2	38.3	14.6	18.6	655	2	Do.
Do.....	Advent.....	151.5	35.0	12.6	15.6	431	7	San Francisco, 6; East San Pedro, 1.
Do.....	Mayflower.....	80.5	26.5	6.2	9.0	90	1	San Francisco.
Do.....	Webfoot.....	146.3	31.0	10.8	13.6	361	1	Do.
Barkentine..	Omega.....	163.2	39.3	13.5	17.0	585	2	San Francisco, 1; Sydney, Australia, 1.
Schooner...	Repeat.....	148.9	34.4	12.0	15.0	455	2	San Francisco.
Barkentine..	Arago.....	176.4	38.8	12.2	16.0	498	6	Do.
Schooner...	Melanchton.....	133.0	30.5	10.9	14.0	298	1	East San Pedro.
Do.....	Alumna.....	189.1	40.0	15.6	18.0	476	1	San Francisco.
Steamer.....	Signal.....	150.0	34.4	13.8	16.0	426	2	Do.
Do.....	Rival.....	139.0	32.0	10.2	14.6	325	2	Do.
Schooner...	Louis.....	193.8	36.0	18.0	19.0	881	2	Do.
Barkentine..	Encore.....	180.9	36.4	14.0	17.0	651	1	Chile.
Steamer.....	Sequoia.....	157.0	33.1	12.0	16.0	411	8	San Francisco.
Do.....	Acme.....	154.0	34.0	11.5	15.0	416	1	Do.
Schooner...	Scotia.....	138.3	33.4	12.0	15.0	406	1	Do.
Do.....	Albert Meyer.....	156.0	36.0	11.9	14.0	459	1	Do.
Do.....	Mildred.....	157.0	36.0	12.2	15.0	464	1	Do.
Do.....	Challenger.....	127.9	32.5	9.2	11.0	279	1	Do.

#### STATEMENT OF THOMAS W. GARLICK.

Senator FOSTER. Captain Garlick of the *Tremont* is present, fresh from the Orient.

Capt. Thomas W. Garlick appeared before the Commission.

The CHAIRMAN. Captain, what route does the vessel that you command travel?

Mr. GARLICK. The northern route between here and the Orient.

The CHAIRMAN. I assume that the officers and quartermasters of the *Tremont* are American citizens?

Mr. GARLICK. The licensed officers are, but not necessarily the quartermasters.

The CHAIRMAN. But the licensed officers are American citizens?

Mr. GARLICK. The licensed officers are.

The CHAIRMAN. What about the firemen and sailors?

Mr. GARLICK. They are Asiatics.

Representative MINOR. Of what nationality are your stewards and the purser?

Mr. GARLICK. Our chief steward and our second steward and chief cook are Europeans, but the other force in the kitchen and pantry are also Asiatics.

The CHAIRMAN. Now, Captain, what about the wages of your officers as compared with the wages of similar officers on British, Japanese, and German steamships engaged in the foreign trade?

Mr. GARLICK. There is a great difference. Take, for instance, our chief officer. In vessels of this class we pay him from \$100 to \$125 a month. Men in the same position on the ships you mention get about \$40, \$45, and \$50.

#### AMERICAN WAGES TWICE FOREIGN.

The CHAIRMAN. So on the American ship the officers are paid more than twice the wage scale paid on foreign ships?

Mr. GARLICK. Yes, sir; they are.

The CHAIRMAN. I wish to ask you if there is anyway by which Chinese sailors and firemen on American steamships could be displaced by white men unless the difference in wages and cost of maintenance is made up in some way by the United States Congress?

Mr. GARLICK. There is no possible way we can do it.

The CHAIRMAN. It has been urged upon this Commission, and will be probably more vigorously urged at a certain other port, that it is the duty of the Commission to recommend that our steamships shall not be permitted to ship crews of Chinese. What effect do you think that would have upon the particular line of steamships with which you are associated?

Mr. GARLICK. Well, it would put them out of the business. They could not afford to operate their ships and man them with American sailors.

The CHAIRMAN. They are compelled to pay the double wages or more to the officers because of the fact that Congress has enacted that those officers shall be American citizens? Am I correct in that?

Mr. GARLICK. That is correct.

#### WOULD DESTROY AMERICAN LINES.

The CHAIRMAN. So we can not get rid of that discrepancy. Now, you think if we went further and compelled American ships to ship American crews while the ships of foreign nations had Asiatics the difference would be so great that it would put you out of commission?

Mr. GARLICK. Yes, sir; there would be no doubt of that.

The CHAIRMAN. That is what other steamship men have told the Commission, and we want to get all the testimony on that point we can. What do you pay your Chinese seamen and firemen?

Mr. GARLICK. We pay them at the rate of \$6 gold per month.

The CHAIRMAN. Approximately, what would you have to pay white seamen and firemen?

Mr. GARLICK. We would pay the firemen about \$40 and the seamen \$35 gold a month.

The CHAIRMAN. Is there as great a discrepancy as that?

Mr. GARLICK. There is, on this coast.

The CHAIRMAN. You pay the Chinese \$6 and you would have to pay a white man \$35?

Mr. GARLICK. The Chinese \$6 a month and the white \$35. Of course, wages are higher here than on the Atlantic.

#### THE COST OF FEEDING.

The CHAIRMAN. Is there any difference in the cost of feeding the American or the white seaman and the Chinese?

Mr. GARLICK. Yes, sir; a great difference. We feed our Chinese for about \$3 gold per month per man. It would cost us to feed Americans from \$18 to \$20 per month.

Representative SPIGHT. What do you feed the Chinamen?

Mr. GARLICK. Their subsistence consists chiefly of rice, a small quantity of fish, and some few vegetables. They board themselves.

Representative MINOR. If a Chinaman is a good fireman can you get him for \$6 a month?

Mr. GARLICK. That is the regular port wages in the port where we get our crew, taking either good or bad. He is our experienced fireman that we have.

Representative MINOR. How many licensed officers have you, including yourself?

Mr. GARLICK. We have 5 on deck.

Representative MINOR. How many in the engineers' department?

Mr. GARLICK. In the engineers' department 4.

Representative MINOR. Making 9 officers?

Mr. GARLICK. Yes, sir.

Representative SPIGHT. Do you find the Chinamen at those wages pretty efficient?

Mr. GARLICK. They are efficient for Chinamen, but not as efficient as Americans.

Representative SPIGHT. They do not do the work as satisfactorily as Americans would do it?

Mr. GARLICK. It takes more men to do the same amount of work. You can not get the same work out of the same number of Chinamen that you can get out of Americans.

Representative SPIGHT. About what is the percentage of difference?

Mr. GARLICK. About 25 per cent difference.

Representative SPIGHT. One American then would do the work, on an average, of one and a quarter Chinamen?

Mr. GARLICK. That is about what we figure.

#### CHINESE IN THE FIREROOM.

Representative MINOR. Captain, how many firemen, for instance, have you, and are they Chinamen?

Mr. GARLICK. We have 12 firemen and 18 trimmers.

Representative MINOR. Coal passers?

Mr. GARLICK. Those are the coal passers, the trimmers. We have 18 coal passers.

Representative MINOR. Making 30?

Mr. GARLICK. Yes, sir; 30.

Representative MINOR. Now, suppose you had nothing but American citizens to do that same work of 18 trimmers and 12 firemen, could you get along with a less number of men?

Mr. GARLICK. With about 25 per cent less.

Representative MINOR. Do you carry more in number in your crew because of their being Chinamen than you would carry if they were good American sailors?

Mr. GARLICK. We do.

Representative MINOR. What percentage?

Mr. GARLICK. About 25 per cent more.

The CHAIRMAN. I assume you think that under existing conditions an American vessel is sufficiently handicapped without legislation that would put a further handicap on it by compelling it to carry American seamen?

Mr. GARLICK. I do.

The CHAIRMAN. I think that is all, Captain. I am much obliged to you.

**ADDRESS OF HON. FRANCIS W. CUSHMAN.**

Senator FOSTER. We would now like to hear from Congressman Cushman.

The CHAIRMAN. The Commission will be delighted to hear from the Congressman living in Tacoma.

Mr. CUSHMAN. Mr. Chairman and gentlemen of the Commission, at this late hour it is neither necessary nor appropriate that I should detain you at any great length, and I certainly do not feel inclined to do so.

Speaking for myself, I think I can safely say that the Commission must have been greatly pleased by the high character of the papers and statements which have been presented to you to-day. I know it has been a matter of infinite pride on my own part to listen to such an able presentation of this subject by my fellow-townsmen and by citizens of our own State.

Having been raised in an inland community up to the time I came to Tacoma, I never had any experience with maritime matters. When it was published that the Commission would make a visit to this coast, I determined sometime ago to lay this matter near my heart and perhaps prepare a few remarks that would be suitable to this time and occasion. It is not necessary for me to state to you, my legislative brothers, that the life of a Congressman is a very busy one, and that that hope proved to be very fleeting. So when I returned home at a late hour last night I found I had taken neither time nor opportunity to make any preparation for this occasion.

When I woke up about half past 5 o'clock this morning it occurred to me that a school-teacher I once went to school to said to me, the very best time of the twenty-four hours for a great mental effort is very early in the morning. So I rose at half past 5 to consider this subject somewhat; and I regret to inform the Commission that the result has not justified the theory! [Laughter.]

At any rate, it is a very important subject. I apprehend that the labors of this Commission have been largely limited to making an inquiry into existing conditions, and perhaps at a later date the Commission will take up the matter of the consideration of legislation which will fit the conditions.

I think some of the statements made to-day to the Commission have thrown not only light on the general subject, but light on the particular branch of the subject which applies to the Pacific Northwest.

**A QUESTION OF WAGES.**

I will state what seems to me to be the trouble. As a preliminary, I will say that when the matter of Federal aid to the American merchant marine was first brought to my attention, not understanding the subject, the suggestion did not appeal to me. As years have gone on and living in a community having great interests in the merchant marine, and coming to understand, at least in a general way, the situation, I certainly have a very lively sympathy with the object and purpose of this inquiry.

There are one or two things which seem to me to be self-evident. If there are two ships engaged in trade, one of them costing more to

be built than the other, likewise costing more to be manned and operated than the other, those two ships being rivals for the same trade and traffic, it is absolutely a matter of logic that the ship which is the cheapest of construction and the cheapest in operation will drive its rivals out of business.

It appears to me that the one factor which more than all others has tended to practically destroy the American merchant marine is the element of increased cost for the construction of the American ship and for the manning of it, by reason of the fact that the high-class and high-priced American labor that goes into the construction of the ship and afterwards is used in its operation is high above the level of the wage scale of other countries.

The American nation could not, and I take it that we would not if we could attempt to equalize that condition by lowering the general wage scale throughout the United States, down to the level of the foreign wage scale in order to boost one industry, however legitimate it might be and however much in need of aid that one industry might be.

#### FAIR PROTECTION FOR ALL.

Therefore, it seems to me that the question resolves itself largely into a question of aid to be conferred to American shipping at some other point in the problem. As my memory serves me, there are some three different methods which have been proposed, at least three principal methods for the building up of the American merchant marine: First, the payment of an amount for carrying the mail which would be sufficient to be a considerable aid in the operation of the line; second, a direct subsidy; and, third, a rebate of duties on goods imported into the United States when carried in American bottoms.

Now, then, speaking for myself, I see no objection to any of those methods or to a combination of all of them when applied in a legitimate matter to the aid of a legitimate industry. I conceive that one of the most difficult problems the Commission will have to solve will be the framing of a bill which will make a proper distribution of the aid given by the Federal Government to all the shipping interests, so that all the interests may have a fair right of participation in the aid.

I wish to call attention to that for just an instant, because I want to impress upon the Commission that from my own standpoint—and it was emphasized by my friend, Mr. Whitehouse, particularly—we who live here in a great maritime community, not only a community that has great maritime interests now, but which certainly has a very rosy future in that regard, desire to aid the shipping interests in every way in which we can, but at the same time we certainly desire to see a bill prepared which will give a fair share of encouragement to that character of shipping which we have here.

#### FOR TONNAGE AS WELL AS SPEED.

Now, a bill which would provide for the payment of a royalty for carrying the American mail in a 21-knot steamship might as well never be written, in so far as it would carry any aid or benefit to our community.

Therefore it seems to me important, from our standpoint, that any measure which you gentlemen may consider and formulate should



take into account not only the speed of the ship but, more largely than that, perhaps, the tonnage of the ship. In any aid that is conferred by the Federal Government the point we are largely interested in is that that aid shall be based largely and the right of participation in the fund be based largely upon the tonnage.

But I do not wish to detain the Commission longer. I want to say, not only for myself but for our entire community, that it has been a matter of infinite pride and of pleasure to our community to have you gentlemen here. I should like for many reasons to repeat some of the delightful expressions I have heard on every hand about this Commission, but knowing the modesty of you gentlemen I shall not do it. But it has been a matter of very great pride and pleasure to us all, and we trust that you have enjoyed your sojourn in this community.

I thank you very much. [Applause.]

Thereupon the Commission (at 5 o'clock and 20 minutes p. m.) adjourned until to-morrow, at 10 o'clock a. m.

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TACOMA, WASH., *Friday, July 29, 1904.*

The Commission met at 10 o'clock a. m.

Present: Senator Gallinger (chairman) and Representatives Minor, Humphrey, and Spight.

Also Hon. Addison G. Foster, Hon. Francis W. Cushman, and representatives of the shipping and other business interests.

#### STATEMENT OF THOMAS S. BURLEY.

Senator FOSTER. I will call on Captain Burley, who will answer any questions or make any statement you would like to hear.

Captain Thomas Sydney Burley appeared.

The CHAIRMAN. Captain Burley, in what line of business are you engaged?

Mr. BURLEY. I am manager of the Tacoma Tug and Barge Company, and also pilot for the Ocean Steamship Company and the Mutual Line, Puget Sound.

The CHAIRMAN. Captain, the Commission will be pleased to hear any views you may have to present.

Mr. BURLEY. Mr. Chairman and gentlemen, I have listened with a great deal of attention to the addresses delivered before your honorable Commission by Secretary Whitehouse, Mr. Pratt, and others, and I must say that in many respects their views coincide with mine. I am not going to present to you gentlemen any statistics or facts regarding our commerce (when I speak of our commerce I speak with reference to the Pacific coast), as I think that they have been very ably presented by the gentlemen who have preceded me.

Just a few days ago I was speaking to an old American shipmaster, a man who had commanded American ships when the flag was seen waving in every port in the civilized world. He told me of the days when he used to run to Liverpool, and all along the docks you would see hundreds of American flags waving from the masts of hundreds of American ships. I know at the present day that you would

have to get out a search warrant in order to find an American flag waving in those docks now.

Now there must be a reason, and a great one at that, for such a decline. I realize that it is the wish of you gentlemen, in holding these hearings, to try and get the opinions of the different people at different ports in order to devise some means whereby we can recover our original supremacy on the seas. I have personally handled during my career in this port many hundreds of ships, and I must say that the number of American vessels that are included in that list (outside of vessels that trade coastwise, where of course foreign vessels are prohibited) could be counted on one of my hands.

When we stop to consider that those vessels that I have handled have carried, I may truthfully say, many millions of tons of cargo, and practically all in foreign vessels, you may safely say that "there is something rotten in Denmark."

#### THE COST OF CONSTRUCTION.

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One grave thing that is very much against the American shipowner is the excessive cost of construction. We have running to this port a line of steamships that are conceded by the world to be the finest cargo boats that are in existence. They represent in construction the experience of a firm that has been in existence for forty years. I refer to the ships of Alfred Holt & Co., who maintain a line from England to this port and return via various ports en route. He is the owner of 69 modern steamships, and next to the Peninsular and Oriental is the largest individual shipowner in Great Britain.

We will now proceed to compare the cost of his steamships with steamers of American construction, and will take as an example the S. S. *Ning Chow*, a vessel that trades regularly to this port, and the American S. S. *Tremont*, a vessel of the Boston Steamship Company at present lying in this port. In size and detail they are as near as possible for comparison, with the exception that the *Tremont* has been fitted up with passenger accommodations since she arrived on this coast. But we must admit the fact that the *Ning Chow* is conceded by all to be a very much better ship in every respect, a better cargo boat, considerably more speed, and less coal consumption.

The *Ning Chow* has a deadweight capacity of 13,100 tons and a measurement capacity of 18,400. The *Sharonut* and *Tremont* are about the same measurement, but a little less deadweight. The *Ning Chow* cost £115,000, approximately \$575,000, while the *Sharonut* and *Tremont* cost, I am reliably informed, \$1,000,000 apiece. Where does it come in?

We will now speak of the *Stentor*, another of Mr. Holt's boats, at present lying in this port. I am reliably informed that 60 per cent of the steel used in her construction came from the Carnegie Company in America. Is it that the steel companies of the United States will sell to foreign shipyards steel cheaper than they will to our own? It must certainly cost something to transport the same to Glasgow, where the ship was built.

#### WAGES AND PERQUISITES.

We hear a great deal said with regard to the higher wages paid on American ships than on foreign, and I must admit that in some cases

it is so. But I must say that when we come to Mr. Holt's boats I may safely wager that in some cases the wages are higher.

I will now give you the wage scale that is paid on the *Stentor*, which is an example of what is paid on first class foreign lines. The master of the *Stentor* receives as wages the sum of £35 per month, he receives a bonus of 7s. 6d. per day, and also 1½ per cent of the net profits of the vessel. This alone in average times runs up to £150 per year. The sum total of the above will bring in the master about \$3,750 per year, which I think that you will find higher than is paid on the *Sharmut* or *Tremont*.

In going down the officers' wages I find a slight difference until we get to the deck department, where on the *Sharmut* and *Tremont* we find Chinese at \$6 per month, as against white men on the *Stentor* at £4 10s. and £5 per month, and of course a corresponding increase to feed.

We have only one avenue of ocean traffic for American vessels to trade in that is barred to foreign vessels—that is, the transportation of Government supplies to the Philippine Islands, and there the ship-owner meets with competition from the American Government, who are operating transports in time of peace, must certainly do ships out of trade.

I think that if the United States Government wished to foster American ships they might at least give to them their own freight to carry. Some people might say that if the Government goes out of the transport business the various shipping lines would hold them up, but I think that a cursory glance at the contract held by the Boston Steamship Company with the United States Government will convince them that there is no hold up at those rates.

#### MAIL CONTRACTS AND FREE SHIPS.

While I am not bright enough to suggest any means to gain the end desired, and while I have witnessed the deplorable condition that the subsidy granted to French ships by the French Government has created among shipping of all nations, it makes a man pause and think that subsidizing is a very bad thing. But we might take a lesson from our cousins across the water and adopt a system of mail contracts that will be beneficial to us. We must admit that their system is the result of many years' experience and research, and the mercantile marine that they have at present must surely show us that they certainly know something of the business.

There is another plan on my mind which some of my friends kindly term the knocking plan, and while it has many disadvantages, it has, to my mind, many advantages. Suppose we were to allow the American shipowner to go into the open market, buy or build any vessels that he may desire, and say for a period of one year grant them American registry, we will then have a nucleus of a fleet to start with, and trades and routes will be found and worked up which will keep more shipyards than we have at present busy to supply new ships and to keep in repair the old ones in the future.

Gentlemen, this is a very crude idea and with modification and improvement which could be suggested by people who have more experience in such matters it may not be so bad after all. It is a very certain fact that if the *Ning Chow*, carrying the same amount of cargo

as the *Tremont*, can earn 5 per cent on her invested capital, the *Tremont* will only earn  $2\frac{1}{2}$  per cent on hers, as her cost was almost double.

The CHAIRMAN. It would not follow that she would earn anything.

Mr. BURLEY. Well, she would earn two and a half if the *Ning Choo* earned five.

The CHAIRMAN. You have made it appear that the captain of the *Stentor* gets a higher salary than the salaries paid on American vessels.

Mr. BURLEY. Yes, sir.

The CHAIRMAN. How is it about other foreign lines? Have you any knowledge on that point?

Mr. BURLEY. I thought it was best, Senator, to present to you facts that I know to be true, that you can prove yourself. The vessel is right in the port, and I do not think that Mr. Holt would pay any more wages to his master and officers than the average large shipowner from Great Britain would pay.

#### AMERICAN OFFICERS BETTER PAID.

The CHAIRMAN. In every port we have been in heretofore the testimony has been, without exception, that the wage rate to the officers on foreign steamships was very much less than on American steamships.

Mr. BURLEY. Of the officers we must admit. In this case, the *Tremont*, the chief officer gets \$90 a month. On the *Stentor* he gets \$80. On the *Tremont* the second officer gets, I understand, \$75 a month. I think probably Mr. Swift would verify my statement by articles he made there. The second officer has \$55 on the *Stentor*. The third officer has \$40, as against \$50 on the *Tremont*. The engineer department I did not inquire into, because I really have no interest except in the master and officers.

The CHAIRMAN. The master of the *Stentor* seems to get a percentage of the earnings.

Mr. BURLEY. The master of the *Stentor* gets  $1\frac{1}{4}$  per cent of the net earnings of the vessel.

The CHAIRMAN. Has he any financial interest in the ship?

Mr. BURLEY. None whatever. Nobody has any interest in those boats except Mr. Holt.

The CHAIRMAN. Is that a usual custom in the British merchant marine?

Mr. BURLEY. Well, I would not like to say, Senator. I have met many shipmasters in my time who have received a bonus—a percentage on ship's earnings—but whether it is customary I could not say.

The CHAIRMAN. Upon what theory is that paid? Do you know?

Mr. BURLEY. I do not understand the question.

The CHAIRMAN. Upon what theory do they pay a percentage of the earnings to a master who ordinarily and in other lines of business would get a flat salary?

#### AN INCENTIVE TO THE MASTERS.

Mr. BURLEY. It is an incentive to try and make the masters take a greater interest in the ship. I might state that there is a book of rules printed by Mr. Holt and issued to his masters, in which he states that as soon as the ship leaves Liverpool until such time as it gets back again the master must think of himself as Alfred Holt—that he

must consider himself as Alfred Holt. Agents and all are barred in that.

The CHAIRMAN. But you do not know whether that is a prevalent custom or whether it applies only to this one particular concern?

Mr. BURLEY. No, I could not say. Well, I will state that it is prevalent in more than one particular concern, but whether it is customary in all concerns I really could not say.

The CHAIRMAN. Outside of that one officer, the master, the wages paid the officers are less on this British ship than on the American ship?

Mr. BURLEY. Yes, sir; they are less, until we come, of course, to the sailors, where she employs white men and the *Tremont* has Chinese.

Representative MINOR. Do you think Mr. Holt pays his other captains about the same wages?

Mr. BURLEY. Mr. Holt pays the same wages to them all, with the exception that those who are the oldest men in his employ get a little more than the younger men.

Representative SPIGHT. Do you know whether the Holt Line receives any subsidy from the British Government?

Mr. BURLEY. None whatever; not a cent.

The CHAIRMAN. We are much obliged to you, Captain.

#### STATEMENT OF O. J. H. SWIFT.

Senator FOSTER. I know the Commission would like to hear Mr. Swift, deputy United States shipping commissioner.

Mr. O. J. H. Swift appeared.

The CHAIRMAN. Mr. Swift, are you deputy shipping commissioner at this port?

Mr. SWIFT. Yes, sir.

The CHAIRMAN. In that capacity you come in contact, more or less, with the seamen shipped here, I suppose?

Mr. SWIFT. Yes, sir.

The CHAIRMAN. Will you give the Commission information touching matters of interest relating to the seamen? I assume that you can do so.

Mr. SWIFT. I was present yesterday afternoon when there was a statement made here in regard to the shipping of seamen from this port which it seemed to me was somewhat broad. It was made by a representative of the sailors' union in regard to shanghaiing.

#### NO COMPLAINT OF SHANGHAIING.

I wish to say that I have been connected with the office since April, 1901, and up to this time there has not been a case of shanghaiing reported to the office. The office has always been open during business hours. Sailors who have been signed on foreign ships have always been signed at their own free will. It is a positive rule of the office that no seaman is shipped without a note from the master or when the master is present. The articles are always read to him and explained, and he understands the contract thoroughly before he signs.

The CHAIRMAN. If any such complaint should be lodged with you in your office, I presume it is safe to assume that the commissioner would take it up and investigate it thoroughly?

Mr. SWIFT. Yes, sir; we certainly would.

The CHAIRMAN. Are matters of difference between the shipowners and the sailors sometimes referred to your office for arbitration or investigation?

Mr. SWIFT. Yes, sir; quite often.

The CHAIRMAN. You find a willingness both on the part of the shipowners and the sailors to refer those matters to your office?

Mr. SWIFT. Yes, sir.

The CHAIRMAN. And you ordinarily settle them satisfactorily?

Mr. SWIFT. They are adjusted usually satisfactorily. During the present incumbent's term there has been very little litigation; it is usually settled before him in a very satisfactory manner.

#### THE SAVINGS OF SAILORS.

The CHAIRMAN. Mr. Swift, on the Atlantic coast it was suggested to the Commission by one or more shipping commissioners that it would be a good plan if the shipping commissioner was allowed to accept money from sailors to be transmitted to their families, the commissioner who received it, of course, properly accounting for it. What do you think of a plan of that kind?

Mr. SWIFT. I think it would be very advisable, and I understand that since about three weeks ago it has been inaugurated by the Department. We have received a notice to that effect.

The CHAIRMAN. You have received a notice?

Mr. SWIFT. Yes, sir. The funds from deceased seamen in this port have been quite large. Oftentimes after it has been deposited in the proper channels, the United States court, we have received communications from the relatives of the seamen who would sign and not leave any address, which frequently occurs. The seaman would die or be killed on a voyage, and months and sometimes a year or two afterwards we would receive communications from some of the relatives, probably from foreign countries, or at home, asking about the seaman. Then we would have to refer that matter to the United States court, and they would have to take it up, and sometimes it took quite a long while to get to the bottom of the thing. It had to go through the regular channels. When the shipping commissioner has that authority he can do it much more readily and to the better satisfaction, I think, of the relations of the deceased.

The CHAIRMAN. Then I assume that, in your opinion, there is no valid grievance on the part of seamen at this port in reference to what is ordinarily termed shanghaiing?

Mr. SWIFT. Gentlemen, I do not know that there is any grievance whatever. We have never had any complaint. If it were very prevalent, Mr. Knox, the shipping commissioner for this particular district, would have issued positive orders on that particular question.

No man, as I have stated, signs his articles unless the master of the ship is present and willing to take him and he is willing to go. We have cases when young men come in under age, and we insist on letters from their parents granting them permission to go when we can get them.

THE CASE OF THE FAILING.

As to the particular ship that was spoken of yesterday, the *Henry Failing*, and a seaman jumping overboard, I am acquainted with that circumstance. The man signed. He was sane, not drunk, an old seaman, and he must have just taken a notion to quit the ship, because he understood exactly what he was doing, and the captain was present when he signed the articles.

Representative SPIGHT. I understand you to say that during your incumbency no complaints have been lodged in your office?

Mr. SWIFT. No complaints as to shanghaiing.

Representative SPIGHT. That is what I mean.

Mr. SWIFT. No, sir; none whatever.

The CHAIRMAN. Captain, we are very much obliged to you.

Mr. SWIFT. There is one thing I would like to call the attention of the Commission to while I am here. I have been assistant shipping commissioner since April, 1901. During all that time there have been continual cargoes of wheat leaving this port, and of all the immense cargoes and great number of ships that have carried the wheat away from Tacoma and from this port here there has been but one American ship loaded with a cargo to the Orient or to a foreign country. •

STATEMENT OF JOHN C. BARR.

Senator FOSTER. Mr. Chairman, we have with us an old captain of the deep seas and the Lakes. He is unfortunate at the present time; he has gone blind. Captain Barr would like to appear before the Commission.

John C. Barr appeared.

The CHAIRMAN. Captain, the Commission will be pleased to have you make any suggestions that occur to you which will aid us in our investigations.

Mr. BARR. I have a suggestion to make in regard to a matter in which a subsidy should be paid to vessels. I do not think there is any doubt but that nearly all are agreed that vessels should be helped. Probably the trouble is with those who do not understand anything about the transportation business to get them to see where a subsidy should go.

SUGGESTIONS AS TO SUBSIDY.

My idea is that the subsidy should be paid partly for the building expense but mostly for the expense of running the ship, where the difference is between our vessels and those of other nations. I think a great portion of it should go to the wages of the seamen and should be paid direct to them at the end of each voyage. If there should be a speed subsidy, I think the simpler way would be to give them a rebate on all American coal they burn.

It is only a question of the amount of fuel they burn as to the speed they make. If the subsidy was paid in part on the tonnage—that is, on the builder's tonnage—and to give the life of the vessel at, say, twenty years, a portion might be paid each year. Then, if a vessel was taken from the foreign trade to the coasting trade, that subsidy would be cut off, and she would then be on a par with coasting vessels and get no subsidy.

That is about all I wish to present to the Commission that I thought would be worth while. Other things have been thrashed over a good deal. I thought that idea was a new one and it might be a feasible one, and that probably it would help to make the balance of the country interested in shipping understand that the subsidy, if there is one, was going for that purpose.

Representative SPIGHT. Captain, I understand you to suggest that at least a part of the subsidy, if any should be paid, should go to the seamen themselves?

Mr. BARR. Yes, sir; to make even the wages. Our vessels will have to pay American citizens more than they pay Chinamen or other foreign seamen they employ, and if the subsidy is paid for that purpose, or on account of wages, it should be paid to the men.

Representative SPIGHT. Is it your idea, then, that American seamen should be substituted for the Asiatics on all our ships?

Mr. BARR. Yes, sir. Then if a vessel got short of American seamen she would not get the subsidy for the foreign seamen she employs. She would get none for them. The shipping commissioner or the inspecting officer could attend to that. For instance, if one of our vessels sailed from here and brought home a foreign crew, that crew would get none of it, and if it brought part of a foreign crew the crew who are foreigners would get none of the subsidy; it would only go to the American citizen who was on board the ship.

The CHAIRMAN. Captain, the Commission will be very glad to look into your suggestion when we come to consider the matter of a report. We are very much obliged to you.

#### STATEMENT OF C. S. EATON.

Senator FOSTER. We have in the audience Mr. Eaton, of Olympia, who will represent. I suppose, the Chamber of Commerce of Olympia, the capital of our State.

Mr. EATON. Gentlemen, we do a good deal of shipping in Olympia, principally lumber, largely coastwise, and some foreign. When we were notified that this Commission would be in Tacoma I wanted to come over and hear the suggestions which would be made. We have shipped during the last two years a great deal of lumber to foreign ports, and in those two years we have shipped in only one American vessel.

We have had English vessels there, and German vessels, and even vessels from South America, from Chile, but there has been only one exception, and that exception was a case where the company had an interest in the American vessel and had to get the lumber to a point in a certain time, and could not get a foreign vessel.

#### THE WAGES DIFFICULTY.

It seemed to me that this was a state of things which ought to be remedied, if possible, and I wanted very much to listen to the suggestions that were made. I think the Americans can get around the difference in the cost of the ships. I think the time is coming, with new shipyards and the decrease in the cost of iron, when we can compete with the English ships or the German ships in building them. But it does seem a very difficult question to compete with the difference



in the wages of the sailors. It seems to me that that is the principal point to be equalized in some way.

The CHAIRMAN. Did I understand you to say that you ship lumber?

Mr. EATON. Yes, sir.

The CHAIRMAN. In the shipping of lumber, do you get satisfactory terms and satisfactory service from the foreign steamship companies?

Mr. EATON. Well, we ship principally in sailing vessels, and we get good service from the English and German vessels, but not so good from the South American vessels, as a rule.

The CHAIRMAN. Do you think English and German vessels take as much interest in the matter as American vessels probably would if they were in commission?

Mr. EATON. I think they do their business in good shape. We have very little trouble in that regard. But with the South American vessels we have had a great deal of trouble. The captains seem to be more ignorant than any others.

The CHAIRMAN. You have delays, etc.?

Mr. EATON. Yes, sir.

The CHAIRMAN. Thank you, Captain.

#### STATEMENT OF J. T. STEEB.

Senator FOSTER. Mr. J. T. Steeb is present. He has a large stevedore business on the Sound here, and is very familiar with all matters pertaining to shipping.

Mr. STEEB. I do not know that I have anything particular to say, though I would be very glad to have any question asked connected with the shipping business.

Senator FOSTER. He is very familiar with the business, is very experienced.

The CHAIRMAN. Mr. Steeb, how long have you been connected with the shipping business?

Mr. STEEB. I have been connected with the shipping business in New York and here. I have been here fourteen years. I have been largely interested in shipping. We devote ourselves almost exclusively to the shipping of lumber, to the loading of lumber. I think that that business on the Sound is about equally divided between the American ships and the foreign ships.

Senator FOSTER. That is, in the foreign business?

Mr. STEEB. Yes; in the export business. The general impression among exporters, though, is that the freights are always kept down by the foreign ships, as they always can get foreign ships to freight their cargoes cheaper than they can get the coasting vessels that are owned in America. They seem to come out to this coast with an outward cargo seeking business, with Japanese goods and Chinese goods, and then they come across here and they have got to take almost anything that can go, whatever trade is here, to get back home and get to some other part of the world where they can get some paying business.

The CHAIRMAN. If the business is equally divided between foreign and American ships, I take it that you make as good terms with American ships as with foreign ships.

Mr. STEEB. They have got to take the same rate, because they have to compete with foreign ships, of course.

The CHAIRMAN. So we might take the other view, that the rates are kept down by American ships, possibly?

#### WAGES OF DESERTERS.

Mr. STEEB. Yes; you might take it that way, too. There are a great many ships owned on this coast particularly adapted for lumber, and they are in that lumber business. I suppose there are more American ships on this coast than on the eastern coast. But I believe there are some laws in connection with American shipping that are detrimental.

One thing I have in mind particularly is that money that is due seamen deserting in a foreign port has to be turned over to the American Government when those ships come back here, and it is the same in an American port. Those ships take those men away from the United States and the men desert in foreign ports. The ships are at some expense to get additional seamen, and when they come back to the United States the money that was due those deserters has to be turned over to the Government and the shipowner receives no benefit at all from that.

The CHAIRMAN. It goes into the Marine Hospital fund, I think, for the benefit of seamen.

Mr. STEEB. Yes; it goes into some fund, I presume; I do not know what.

The CHAIRMAN. For the benefit of seamen.

Mr. STEEB. Yes. But in the case, I believe, of most other foreign ships, that money is retained by the owner, and in a year, I guess, it amounts to quite a big item.

Representative MINOR. Do you not believe that if the owner was to receive the wages due the deserting sailor it might tend, in some cases, to cause the captain of the ship almost to compel desertion?

Mr. STEEB. Oh, I do not think so.

Representative MINOR. If he did not want his men very badly?

Mr. STEEB. I do not think so.

Representative MINOR. Why do you not think so?

Mr. STEEB. The captain is in a foreign port. The captain does not want his crew to leave the ship.

Representative MINOR. There are times when he would just like to have them do that, to save expense, while the vessel was lying in wait for a cargo.

Mr. STEEB. But the American ships do not often have to wait in foreign ports. If they lay up, they come back to the United States to lay up.

Representative MINOR. We know there are a great many instances where they lie over a long time waiting for loads. I do not say that an American captain would do it, but there would certainly be a temptation in that direction. I think it is better to let it go to the hospital fund. There is a temptation, you will find, when you come to think it over.

#### LOWER-COST SHIPS.

Mr. STEEB. Well, I do not know. I believe that in order to encourage our shipping there should be some way of building ships cheaper in this country to compete with foreign ships. I know of a

recent instance of a firm in San Francisco. Mr. Robert Dollar has just come from the United Kingdom, where he placed a contract to build a steel steamer to carry three and a quarter million feet of lumber to operate upon this coast. He expects to have the steamer out in March. I am quite sure he was on the Eastern coast for some time endeavoring to get a contract for building the ship there, and he found that he could build it cheaper in Great Britain. Of course she will operate under the British flag. Dollar is a large shipping man in San Francisco and is engaged largely in the lumber business.

Representative MINOR. It is conceded by everyone, and the Commission concedes, too, that a ship can be built cheaper abroad, of course, just how much cheaper we have not yet determined. We shall have to sift out the testimony, because the witnesses vary so much. Some put the difference as high as 80 per cent, others down to 20 per cent, others to 25 and 30 per cent, and so on. But there is a difference.

Mr. STEEB. I find on this coast schooners are being built more and more for the trade out here on account of the cost of operating square-rigged vessels, which is quite an item. You will find that probably 75 or more of the American vessels engaged on this coast are schooners.

Representative MINOR. On the Atlantic coast the vessels built now are the fore and aft rigged.

Mr. STEEB. Yes; they are, but the American square-rigged vessels seem to be going out of existence.

The CHAIRMAN. We are very much obliged to you, Mr. Steeb.

#### STATEMENT OF C. W. WILEY.

Senator FOSTER. Mr. C. W. Wiley is present. We would like to hear from him.

Mr. C. W. Wiley appeared.

The CHAIRMAN. In what line of business are you engaged, Mr. Wiley?

Mr. WILEY. In the steamship business, with the Boston Steamship Company.

The CHAIRMAN. What position do you hold with the Boston Steamship Company?

Mr. WILEY. Marine superintendent, sir.

The CHAIRMAN. Where do the ships of the Boston Steamship Company usually get their repairs made?

Mr. WILEY. We make our repairs here in Tacoma, sir. Outside of that, there are just repairs enough made to complete the voyage in case anything becomes necessary that way.

#### FOREIGNERS REPAIR AT HOME.

The CHAIRMAN. What about foreign ships? Do they do about the same thing; that is to say, do they have their repairs generally made in foreign ports and simply get small repairs made in American ports that they are compelled to have made here?

Mr. WILEY. They do the same that we do. They make their repairs at the home port and just make enough at foreign ports to complete the voyage.

The CHAIRMAN. So, while the steamships of the Boston Steamship Company get their repairs made here and disburse their money here,

the foreign steamship companies have their repairs made in their home ports and disburse their money at home?

Mr. WILEY. Yes, sir.

The CHAIRMAN. Is that correct?

Mr. WILEY. That is correct, sir. You see a fine instance of that in these blue funnel boats that are here. They spend very little money here for repairs. Their repairs usually amount to less than a hundred dollars a trip. When they get to Liverpool they make complete repairs to make another round voyage.

#### A GAIN FOR AMERICAN LABOR.

The CHAIRMAN. So, if I understand the matter correctly, an increase in the number of American ships in the foreign trade of Puget Sound would result in an increased use of American material and increased employment of American labor in these ports?

Mr. WILEY. In every sense of the word.

The CHAIRMAN. In the regular repairing and overhauling of vessels?

Mr. WILEY. Yes, sir.

The CHAIRMAN. Captain Wiley, the Commission will be pleased to have you make any suggestions that you may wish to make that will aid us in our investigation.

Mr. WILEY. I can not say, Mr. Chairman, that I have any suggestions to make. I realize the necessity of some aid that has got to be given to American shipping on account of the excessive cost of running American ships as compared with foreign shipping. Of course you have the statistics. The United States Government makes statistics of the difference in the cost.

#### AS TO THE CHINESE CREWS.

One thing I should like to say is that in the case of our particular company, if we were compelled to go from Asiatic crews to American crews, it would be a hardship for the company, and I think the Government would have to make it a special object to compensate in some way for that extra expense. Perhaps it could be worked by making the American ships carry as all its petty officers and its lead men those who are American citizens and allow the actual crew to be still carried as Asiatics; take the carpenter, the boatswain, and the leading men of the crew, they to be carried as white men, and allow the rest of the crew to be Asiatics.

Representative MINOR. What position do you say you hold with this company?

Mr. WILEY. Marine superintendent.

Representative MINOR. Of the Boston Steamship Company?

Mr. WILEY. Yes, sir.

Representative MINOR. Which would you alone prefer to employ, thoroughly trained American sailors or the Chinese crew that is kept, all thing being equal and you being able to do it?

#### WOULD PREFER WHITE MEN.

Mr. WILEY. All things being equal, the white man would be preferable for the simple reason that he understands the language that is spoken by the white officer.

Representative MINOR. And for the still further reason that a less number could man the ship and handle her more effectively?

Mr. WILEY. In reckoning up the expense that is a part of the proposition.

Representative MINOR. Now, in the case of a disaster at sea—a shipwreck or anything of that kind—where it became a question of saving the vessel or the passengers and crew, which would be the most effective in an extreme case, the American sailor or the Chinaman?

Mr. WILEY. I do not think that there is any doubt that an American sailor would be the most effective man, or any white man who understood the English language. You are ineffective in that respect with any foreign crew for the simple reason that your orders have to be given through one man, or through one man of each watch.

Representative MINOR. In cases of extreme emergency, where you want quick action or intelligent thought, is it or is it not true that the Chinamen fail as compared to the American sailor?

Mr. WILEY. I have never had any experience of that kind, but in the case of the *Rio Janeiro* at San Francisco it is said the Chinamen failed, but I have understood from other captains in the Pacific Mail that in making various passages across the Pacific Ocean in the winter time if they had had a crew of Europeans instead of Chinamen they would have lost the ship.

Representative MINOR. That came from European sources. We are examining an American witness now. When I say European sources I mean white men; I mean that the white man is an European.

Mr. WILEY. He is.

#### SOME DISADVANTAGES OF WHITE CREWS.

Representative MINOR. As a matter of fact, the owner has some interest in the efficiency of the crew aboard ship, and all things being equal, his competitors hiring white sailors, would it not be to the interest of the owner, considering the safety of the lives and property on board, to employ American sailors?

Mr. WILEY. The trouble with the American sailor and the American fireman is the fact that their work is utterly useless, nine times out of ten, for the first three or four days you get them aboard ship. In handling a white crew on any well-organized steamship line, like a line running across the Pacific, it will be necessary to discharge your white crew as soon as the ship arrives in port and have a shore gang to make all your repairs and do all your ship work, and then when you get ready to go to sea to hire a new crew. That would mean, over and above the expense of the crew, additional expense in that way.

Representative MINOR. What is the matter with the Pacific Ocean anyway? It is a pretty good body of water. I did not suppose it was so rough.

Mr. WILEY. The Pacific Ocean is no worse than the Atlantic.

Representative MINOR. White firemen fire on the Atlantic.

Mr. WILEY. White firemen fire, but they are no earthly use the first couple of days they get aboard ship.

Representative HUMPHREY. What is the reason?

Mr. WILEY. They get too much liquor. They are drunk when they come aboard, nine men out of every ten.

Representative MINOR. They ought to be bottled up for a little while.

Mr. WILEY. This is a free country, sir. They are allowed to do as they please when they get ashore, as long as they keep within the limits of the law.

Representative MINOR. Your testimony is somewhat different from what we have heard on this point. It may be that you have had more experience in these matters, but my own observation is that white men can usually outdo any other nationality on earth at anything.

BEST WHEN SOBER.

Mr. WILEY. A white man is the best man when he is the white man. When he is under the influence of liquor he is not a good man. In the great majority of cases when they first go aboard ship you will find the larger portion of them under the influence of liquor.

Representative MINOR. It is the same with the common sailor on board a sailing vessel?

Mr. WILEY. Yes, sir.

Representative MINOR. But they come out of it quickly?

Mr. WILEY. They get out of it after two or three days, according to how much liquor they have with them.

The CHAIRMAN. Do you have any considerable difficulty with the Oriental in that regard?

Mr. WILEY. No, sir.

The CHAIRMAN. They do not get drunk as the white man does?

Mr. WILEY. No, sir; we have no trouble with the oriental crew in that respect.

Representative MINOR. He does not get wages enough; he can not afford to get drunk.

The CHAIRMAN. I think that is all, Captain Wiley.

STATEMENT OF ISAAC EVANS.

Isaac Evans appeared.

The CHAIRMAN. Mr. Evans, in what line of business are you engaged?

Mr. EVANS. I am in the shipping business.

The CHAIRMAN. Do you have anything directly to do with American seamen at this port?

Mr. EVANS. Yes, sir; quite often.

The CHAIRMAN. In what respect?

Mr. EVANS. In supplying men for vessels.

The CHAIRMAN. In supplying men to vessels?

Mr. EVANS. Yes, sir.

The CHAIRMAN. Are you a boarding-house keeper?

Mr. EVANS. Yes, sir.

The CHAIRMAN. The Commission, especially on the Atlantic coast, heard very loud complaints against the boarding-house keepers, sometimes there, I believe, denominated crimps, saying that they perpetrated all kinds of outrages upon the seamen, in getting them drunk and retaining a portion of their wages, and all that kind of thing. What have you to say on this point?

Mr. EVANS. I am not prepared to speak for anybody but myself. I was very much surprised this morning to get up and read the morn-

ing paper in regard to the charges made by one Mr. Petterson here yesterday, supposed to be the agent of the Coast Seamen's Union here. I suppose they were intended for me, and I thought it was nothing but right that I should come up here and defend myself. I understand he was to be here this morning at 10 o'clock to prove what he had said to be true. He has not yet shown up. I think that is proof enough he did not know what he was talking about.

Representative MINOR. It is proper for me to state that after the Commission adjourned yesterday Mr. Petterson came to me and we had a personal interview, in which he acknowledged that he had gone too far, and that he could not sustain his charges, and therefore would not come here this morning.

The CHAIRMAN. Then, Mr. Evans, you know of no abuse on this coast in the direction that Mr. Petterson suggested?

Mr. EVANS. I do not know of any. I am not willing to speak for any one but myself, as I said before. I am running my own business and I am carrying it on as near right as possible. I am merely here to stick up for my own rights as near as possible.

The CHAIRMAN. You ship crews, Mr. Evans?

Mr. EVANS. Yes, sir; I have for the past eight years here.

The CHAIRMAN. Is it customary on this coast to pay advances?

Mr. EVANS. Yes, sir; allotments.

The CHAIRMAN. Allotments?

Mr. EVANS. Yes, sir.

#### THE CASE FOR THE BOARDING MASTER.

The CHAIRMAN. Do you think that a good plan?

Mr. EVANS. Well, I will tell you how I look at that matter. A seaman comes into town who has not got a cent and no place to go to eat or sleep, and if there is not some one to take care of him he is liable to do something desperate and land in jail. I think a boarding house is a benefit in several ways. I have had as high as 50 men stopping in my house—in fact, 60 at one time—without a cent of money, and half of them had no clothing. If it had not been for the boarding house, who is going to take care of those people and feed them?

They would be on the streets; they would be in jail. I have no way of getting any money out of them except taking the risk of shipping them when they are ready for the sea. I have often lost as high as twenty men in one night after living in the house for a month—they would walk off and leave their board. I have to take those chances, of course, as long as I am in that business.

The CHAIRMAN. Mr. Evans, I think I can safely say that the Commission was not convinced from the testimony which was given yesterday that there was any real abuse at this port in that direction. So probably it is not necessary to pursue the matter any further.

Mr. EVANS. I want to say that Mr. Petterson would not take them in and feed them. I do not think he would.

The CHAIRMAN. We are much obliged; that is all, Mr. Evans.

**STATEMENT OF J. N. ROSS.**

Senator FOSTER. Captain Ross, of the steamer *San Mateo*, is present, and we would like to hear from him, Mr. Chairman.

Captain J. N. Ross appeared.

The CHAIRMAN. Captain Ross, between what ports does the *San Mateo* ply?

Mr. ROSS. Between here and San Francisco and Port Los Angeles.

The CHAIRMAN. Then it is in the coastwise trade?

Mr. ROSS. Yes, sir.

The CHAIRMAN. This Commission is not inquiring into matters connected with the coastwise trade, but if you have any suggestions to make on the subject of shipping in general, we shall be pleased to hear you.

Mr. ROSS. There is nothing I should care to suggest, only I would like to confirm Captain Wiley in what he said in his remarks in regard to carrying Asiatics instead of a white crew in that particular trade. I should like to confirm his words in that respect. I have been in the oriental trade in the Pacific Mail Steamship Company as chief officer, and I have seen a great deal of the way that the white crew in general carry on on board the ship, causing no end of trouble in every possible way.

I think that what Captain Wiley said is true in every respect, and it would be a hardship for those vessels in that particular trade to carry white crews—that is, the common sailors. In regard to keeping the ship clean and tidy and being on duty when they ought to be, the Chinaman is away ahead of the American seaman in a general way of speaking. I think that what Captain Wiley said is quite true in every respect. That is all I would like to say.

**STATEMENT OF HENRY HEWITT.**

Senator FOSTER. We have an inland sailor here, and I should like to have him give you his ideas—Mr. Henry Hewitt, of this city.

Mr. HEWITT. Well, gentlemen, you can not ask me any questions in detail.

Representative MINOR. I want to ask you a question.

Mr. HEWITT. Unless it is something I know—

Representative MINOR. It is not about shipping at all, but the Commission believes that it has authority under the statute to inquire into the prospects of your being able here on the coast to establish steel ship yards. If you do establish them, and they are successful, you must get the material that enters into the construction of the ship near at home and not transport it across the continent.

Now comes the question. What, in your opinion, is the prospect for the development of iron mines here, and to what extent can they be developed?

Mr. HEWITT. I have looked into it for the last ten years. The great trouble has been with everyone who has come here on this coast, we have not got money enough and the iron manufacturers in the East are against us. They do everything to keep us out of it.

Representative MINOR. Whom?

Mr. HEWITT. They will not lend us any money.



Representative MINOR. To whom do you refer?

Mr. HEWITT. Well, all those people who are making iron on the other coast, including the railroads.

Representative MINOR. How would your transcontinental railway lines feel about that?

Mr. HEWITT. They are dead against it.

Representative MINOR. Against developing what?

#### A CHARGE OF DISCRIMINATION.

Mr. HEWITT. The iron on this coast. I established a nail factory at Everett and we commenced making nails. The freight of the railroad was from 80 cents to a dollar a keg. We had not been making nails more than eight months before they put the price of nails down to 25 cents a keg.

Representative MINOR. Twenty-five cents a hundred pounds?

Mr. HEWITT. Yes, sir. That was during the panic, when they were all hard up and carrying lumber.

Representative MINOR. Eastern manufacturers did that?

Mr. HEWITT. Yes; the railroad brought the nails across here for 25 cents. They charged me 50 cents a keg to carry them back into Helena and Spokane.

The CHAIRMAN. They brought them here from the East for 25 cents?

Mr. HEWITT. Yes.

The CHAIRMAN. And charged you 50 cents for taking them a short distance toward the East?

Mr. HEWITT. Yes; they drove us out of the business. We bought foreign iron or foreign wire and supposed we could ship back and get the duty remitted, which we were doing, and we made money until they knocked us out on freight.

The CHAIRMAN. Why should the railroads have discriminated against an industry here in favor of an Eastern industry?

Mr. HEWITT. Because they are shipping more cars East than they are shipping West, and they wanted to carry the iron across the continent in their empty cars.

Representative MINOR. Back freight?

Mr. HEWITT. Yes, sir.

Representative MINOR. Is it not a fact that sometimes a foreign ship comes here and carries nails for ballast?

Mr. HEWITT. Yes; it is a fact.

#### IRON ON THE PACIFIC.

Representative MINOR. Mr. Hewitt, I know something about you back in our old State of Wisconsin. I know you have been connected with iron mines there, and I regard you as a good judge. What is the prospect of developing an iron mine in the Olympic Mountains?

Mr. HEWITT. There is a splendid prospect. They have a mountain of iron there that has been prospected. It is 60 feet across and it seems to be 800 feet long. It seems to be solid iron to that depth. It is magnetite iron. It is somewhat hard to flux, and the only reason why we have not succeeded here is that we have not got the hematite iron to flux it. I have been looking for it somewhat. We have got hematite iron in the Olympic range. We have also got hematite iron out on Cowlitz River.

On Lewis River there is a mountain of hematite iron only about 20 miles away from the end of one of the Northern Pacific branches. Just across the straits here on Vancouver Island there is a mountain 6 miles long and there has been a tunnel driven into that mountain 160 feet, and it is solid iron, going 60 to 70 per cent of iron.

Representative MINOR. How high is that mountain?

Mr. HEWITT. I should say the top of it is 2,000 feet above the sea level.

The CHAIRMAN. That island is in British territory?

Mr. HEWITT. Yes, sir; but it is the same range of iron going in through the Olympic down across the straits.

Representative MINOR. Have you traced that range over into our territory?

Mr. HEWITT. Yes, sir.

There is any amount of iron in Alaska just above the British line, and these freight vessels coming back light will bring it back for a dollar a ton. They will bring it even a long distance for a dollar a ton. There are mountains of it there; there is no end to it, both coking coal and iron.

Representative MINOR. Is it your judgment that an iron mine can be developed in the State of Washington that would justify investment for the construction of a steel-ship plant?

Mr. HEWITT. I have no doubt of it at all, so we have got the railroad facilities and get the hematite iron. We have the hematite iron over the mountain near Clallam, and in around there. The only trouble has been that the railroad was so far away.

Representative MINOR. There is a great opportunity, it seems to me, for the establishment of a steel plant over here if you can do it, and that comes right along in line with our business.

Mr. HEWITT. You can see the coal and coke here. I am president of a coal mine here. We made a great many failures in opening the coal mine. We opened it in a mountainous country and next to the eruption where streams were forced up by volcanoes or something, and it was always broken up. But now we have the mine back in the mountains a mile and a half, and we think we have coal enough that we can see in sight to make the finest kind of coke for the next twenty years.

Representative MINOR. You regard it as good coking coal?

Mr. HEWITT. There is no question about it. The smelter is using it. The smelter here is using 60 tons a day.

The CHAIRMAN. That is all, Mr. Hewitt. Thank you.

#### STATEMENT OF J. W. LINCK.

Senator FOSTER. We have present here, if the Commission would like to hear him, Colonel Linck.

The CHAIRMAN. The Commission will be pleased to hear Colonel Linck.

Mr. LINCK. I do not know that I have anything new to offer. Some eight or ten years ago I was stationed in New Orleans as special agent of the Treasury Department. At that time the question of subsidies to American vessels was being strenuously agitated, and I made some investigation as to the cost of running the American and foreign vessels.

The officers of the vessels complained chiefly of the difference in salaries on the vessels. I found that American vessels were paying from 50 to 100 per cent higher wages than foreign vessels, especially from the Latin ports. German and English vessels were paying next to American vessels. They also complained of the greater expense of feeding the men. In some cases the common seamen were getting as much as some of the officers of competing foreign vessels. This is about the only point. I do not know that there is anything new in that. I had some ten years' experience as special agent of the Treasury Department, and visited all the vessels that arrived in port.

The CHAIRMAN. Then your experience in New Orleans led you to the conclusion, I assume, that unless conditions should in some way be equalized American vessels could not successfully compete with foreign vessels?

Mr. LINCK. No, sir; they could not, on that account. That is one of the principal things.

#### CLOSING ADDRESS OF THE CHAIRMAN.

Senator FOSTER. Is there anyone else in the audience who would like to be heard? [A pause.] If not, I suppose the Commission will adjourn. How is it, Mr. Chairman?

The CHAIRMAN. I presume we have given an opportunity to every gentleman in Tacoma who desired to be heard by the Commission.

Before adjourning I wish to thank the various gentlemen who have appeared and have so clearly and cogently presented the question to the Commission. We have had some papers here which are of extraordinary merit and which contain suggestions that will greatly aid the Commission in reaching a conclusion.

I want to thank the chamber of commerce for the courtesies the Commission has received at their hands, and the press for the most excellent reports that they have made of our hearing.

I wish to assure you, gentlemen, that our stay in Tacoma has been a most delightful one, and in leaving you we shall carry away the pleasantest possible recollections of your beautiful and progressive city. [Applause.] The hearing is now adjourned.

Thereupon (at 12 o'clock and 15 minutes p. m.) the Commission adjourned to meet in Portland on the 1st proximo.

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PORTLAND, OREG., *Monday, August 1, 1904.*

The Commission met at 10.30 a. m. in the parlors of the Commercial Club, Chamber of Commerce building, Fourth and Stark streets, Portland.

Present: Senator Gallinger (chairman), and Representatives Minor, Humphrey, and Spight.

Also Hon. J. H. Mitchell, Hon. C. W. Fulton, Hon. J. N. Williamson, and representatives of the shipping and other business interests.

#### ADDRESS OF W. J. BURNS.

*President of the Portland Chamber of Commerce.*

Mr. BURNS. Senator Gallinger, on behalf of the commercial interests of this town, as represented by the Chamber of Commerce of which I happen to be president, I desire to express a welcome to you gentlemen

for your coming here and to say that we are very much interested in the subject you have in charge. We have done our best to get together here a representation of the interests affected to give you what advice and information we can.

In coming to Portland you have come to a rather unique community, as far as this subject is concerned. Our business is largely, very largely, dependent on the ocean outlet. In fact, it is what we depend on to market all our products, practically speaking—our wheat, lumber, and salmon. This being the case, it is certainly a strange fact that in the city of Portland, as far as I know, there is not one dollar invested in the ocean-carrying trade. This is certainly a great drawback to the development of this trade, as it stands to reason if we had ships owned and operated here we would be able to do much more than we do now in the way of finding foreign markets and outlets.

I trust, therefore, that you may be able to find some way to remedy this state of affairs. Personally I am unable to see any solution which does not bring with it increased taxation on our people here, who consider themselves already pretty sufficiently taxed.

It may not be a popular solution of the problem, but from a business standpoint it does seem that the doors might very well be opened, at least for a period, and business people allowed to go where they can and procure ships and tonnage in the cheapest markets. In this way a marine would be at least begun which could be manned and operated by Americans and would be available at all times for the purposes of the Government.

With these few remarks, I close what I have to say.

#### **RESPONSE OF THE CHAIRMAN.**

The CHAIRMAN (Senator Gallinger). Mr. Burns, in behalf of the Merchant-Marine Commission I desire at this time to thank you, sir, for your generous words of salutation, and also to thank the Chamber of Commerce, of which you are president, and the Commercial Club for the many courtesies that the Commission has received at their hands. We are not unmindful, sir, of the fact that however we may differ as to the question we have in hand, we have been among friends so far as social intercourse has been concerned.

It may be well for me, before others are heard, to say that this Commission is here to-day not of its own volition, because we are here at personal inconvenience and personal loss, but we are here in obedience to the command of the Congress of the United States, and I think I am safe in saying that no member of this Commission, either present or absent, was particularly prominent in securing the passage of the statute under which we are serving. That statute requires the Commission "to investigate and to report to Congress on the first day of its next session what legislation, if any, is desirable for the development of the American merchant marine and American commerce, and also what change, or changes, if any, should be made in existing laws relating to the treatment, comfort, and safety of seamen, in order to make more attractive the seafaring calling in the American merchant service."

Acting under the directions of that law, which was passed during the closing hours of the last session of Congress, the Commission has held hearings in the cities of Boston, New York, Philadelphia, and Baltimore, on the Atlantic seaboard; in Chicago, Detroit, Cleveland,

and Milwaukee, on the Great Lakes; and in Seattle and Tacoma, on Puget Sound. After our hearing to-day we propose to go to San Francisco and after that some hearings will be held in the South Atlantic and Gulf ports.

A GREAT INTEREST EVERYWHERE.

Wherever we have been we have found a great interest manifested in this subject. We have not wasted any time in discussing or listening to matters relating to the present condition of the American merchant marine, because that is known by all men, and I think I may safely say deplored by every patriotic American. But we have confined our efforts to asking business men, practical men, men of affairs, to express to us their views as to whether or not it is worth the while to undertake to do anything to rehabilitate the American merchant marine.

We have heard men of all classes of opinion. We have undertaken this work with minds free from prepossession and prejudice. I think I may safely say that not a member of this Commission has committed himself to any particular form of relief, if relief can be found.

It has been suggested in certain quarters that we are exploiting the subsidy scheme. There is nothing in that, gentlemen, at all. We are not exploiting anybody's opinion, or any particular scheme that has been advocated in connection with this matter.

FAIR PLAY FOR ALL.

We have had before us men who have advocated direct subsidies from the Treasury, as was contemplated by the so-called Frye-Hanna bill. We have had men before us who have advocated, sir, as you have suggested this morning, that relief may come through the free-ship policy. We have had men before us who have earnestly argued in behalf of our return to the old principles our fathers established of differential duties; and we have had others, and I think I may say a preponderance of sentiment, in favor of enlarging the statute of 1891, which I have before me at the present time, which gives a postal subvention to American ships engaged in the foreign trade. We have also had some gentlemen before us who have advocated an export bounty on American products, which I need hardly suggest to you, gentlemen, is not a possibility under our commercial treaties and under the terms of the Constitution of the United States.

Now, gentlemen, I do not know that I need to say more. I wanted to put the purposes and aims of the Commission fairly before you, and to say to you that we welcome this morning the expression of any opinion, whether it is in favor of one system or another, or even if it is opposed to governmental aid in any direction, and whatever may be said here will receive at the hands of the Commission, when we come to give consideration to the testimony, as we shall during the month of November, respectful and careful consideration.

I can only repeat that we appreciate highly your kindnesses and your courtesies, and that we shall leave Portland with pleasant memories of the favors which have been shown us during our brief stay. [Applause.]

I have been handed a list of names of gentlemen who I presume have expressed a willingness to say a few words, and the first is that of Mr. Thomas Richardson.

## STATEMENT OF THOMAS RICHARDSON.

Mr. RICHARDSON. Mr. Chairman and gentlemen of the Commission, before presenting the brief report of the special committee of the Chamber of Commerce I wish to hand to you as a part of your proceedings a clipping from the Oregonian of Sunday, containing an interview with Hon. John Barrett, the present minister to Panama, written by Frank G. Carpenter, and appearing in all the papers of the country. I present it for the simple reason that Mr. Barrett is a citizen of Portland. It touches the question under consideration, and furnishes considerable data.

The matter referred to is as follows:

[Special correspondence of The Sunday Oregonian.]

WASHINGTON, D. C., *July 28.*

I have just had a talk with the most strenuous of the strenuous diplomats of this most strenuous Administration. President Roosevelt is noted for his strenuosity and he delights in strenuous foreign assistants. The diplomat I refer to is John Barrett, the new minister to Panama. Mr. Barrett has had to hustle for his existence. He was born amid the rocks of Vermont thirty-eight years ago, and he began his business life in his shirt sleeves. At 18 he entered Dartmouth College and worked his way through, paying his expenses by setting type, running a boarding club, taking orders for gentlemen's clothing, and teaching school between times. He graduated with his class and then hustled for fame and money as a newspaper correspondent. As such he visited South America, the Sandwich Islands, Japan, and China, writing so much about Asiatic trade that his friends in Portland, Oreg., where he was located, asked President McKinley to make him consul-general to Yokohama. This place, however, had been given away and in its stead Barrett was made minister to Siam. This was ten years ago, and he was not then 28 years of age.

He made a good minister, and was acting as such when the war with Spain broke out. He then resigned to become a war correspondent in the Philippines, and later was made commissioner-general for the Asiatic department of the World's Fair, the excellent Chinese, Japanese, and Indian exhibits being due to his work in that capacity. A year or so ago President Roosevelt offered Mr. Barrett the mission to Japan. He refused that, but accepted the position of minister to the Argentine Republic, which he gave up to represent our Government in the new Republic of Panama.

I met Mr. Barrett during his stay here at Washington just prior to his departure for his new post. He was full of new matter relating to South America, and especially to the Argentine Republic, and this formed the subject of our conversation. Said he:

## THE YANKEE PERIL.

"During the past six months I have traveled quite extensively in South America, and have met leading men from nearly every Republic. I have been in Brazil, Uruguay, and Argentina, and while in Buenos Ayres I came into frequent communication with prominent Chileans visiting that city or passing through on their way to Europe. I think

I can safely say that our sister continent is very much in favor of the canal, and that most of its people approve of the part the United States has taken in building it. When the news of the revolution in Panama first came there was some excitement concerning it. A few alarmists talked of the 'Yankee peril' and the danger of the United States attempting to take possession of the South American continent. This talk died out very quickly, and when the real story of the revolution and the action of the United States were published public sentiment changed. The people realized that the canal would be a great help to the continent, and they are very anxious to see the work pushed as rapidly as possible."

#### MONROE DOCTRINE IN SOUTH AMERICA.

"How do the people down there look upon the Monroe doctrine?" I asked.

"They approve of it," said John Barrett. "They realize that they have a strong friend in the United States, and that it is our intention to aid them in resisting any encroachments on their territory by European powers. I think the relations between the United States and South America are growing more friendly every year, and that if we could have better transportation and business association we would rapidly become united along many lines of policy. As it is now the chief business of South America is with Europe. The best steamship lines go from the east coast directly to Europe, and there are no fast passenger steamers between us and Atlantic South America. This fact is a great hindrance to American trade as well as to closer business and social relations. I was talking with General Roca, the President of the Argentine Republic, about this matter not long ago. He said that if we could have as good steamers from Buenos Ayres to New York as now pass between Buenos Ayres and the European ports there would be a rapid growth in the trade of Argentina with the United States. It would not only better the trade, but also the political relations of the two continents. As it is now, the travel and business of Argentina is altogether toward Europe. The round trip to Europe can be made in fifty days, and a business man can get an answer within that long after he sends his order. It takes from seventy-five to eighty days to do any kind of business between Buenos Ayres and New York, and the result is that the European firms have the bulk of the trade. If we had good steamers, instead of going to Europe and back direct, many of the Argentines would go there or come home by way of the United States. They would get acquainted with our country and people, and enormous increase of business would follow."

"We Americans are not in favor of subsidies," continued Mr. Barrett. "We do not believe in fostering one industry at the expense of others, and the people would not consent to the Government giving a large bounty to any steamship line. I do think, however, that the United States could afford to pay a good round sum for a fast line of mail steamers to the east coast of South America. If she will do this I am assured that the Argentine Republic will come forth and pay her share, and in time the business will so grow as to make such a steamship line self-supporting. There is now considerably more than \$100,000,000 worth of trade between the United States and Atlantic South America. We have a big trade with Brazil, and our exchanges with Argentina

annually amount to about \$16,000,000. We sell also to Uruguay and Paraguay, and with the establishment of fast ships we would have a chance at a great part of the commerce between these countries and Europe."

"But does this commerce amount to much?"

"Yes; and it is growing every year. The foreign trade of the Argentine Republic is now annually worth \$360,000,000. This is far more than the foreign commerce of China with its 400,000,000 inhabitants. Every Argentine family is equal to five Chinese families as far as its purchases of foreign goods are concerned. There are only 5,000,000 people in Argentina, but they are white people, with the same wants that we have and with the money to satisfy those wants. The country is growing fast in population. It will have 15,000,000 instead of 5,000,000 within a few years, and its foreign trade will be worth more than a billion dollars per year. It is a great country."

#### THE UNITED STATES OF SOUTH AMERICA.

"Tell me something about the Argentine Republic, Mr. Barrett," said I.

"I hardly know where to begin," said the minister. "Argentina is an empire of enormous possibilities. It is to South America what the United States is to North America. It is a white man's country with a white man's climate. It lies at about the same distance from the equator that our country does, and it raises similar crops.

"Argentina has a vast area of fertile lands. If you will take all the United States east of the Mississippi and the tier of States which lie directly west of that river—that is, Minnesota, Iowa, Missouri, Arkansas, and Louisiana—and all the country east of them, you will have a territory about as large as the Argentine Republic. That territory has fully as much fertile land and the capacity to support as many people. It is a land of great rivers, including the Rio de la Plata system, up which the largest ocean steamers can go for 400 miles and river steamers and barges for 2,000 miles and more. It is a country with a long seacoast, with many accessible ports, and a country which now has 11,000 miles of railroads. It is the greatest sheep region of the world, having more than 110,000,000 sheep on its pastures. It has 28,000,000 cattle, and the day may come when it will be the greatest meat country on earth. It has vast freezing establishments where it annually freezes sheep by the millions and beeves by the hundreds of thousands for the tables of Europe, and its wheat fields compete with ours in the markets of the world. In these industries the available country is by no means developed. There is room there for 100,000,000 cattle and 300,000,000 sheep, while the wheat territory, if it were all cultivated, could feed the most of Europe."

"How about the people, Mr. Barrett?" I asked.

"They are a strong people," was the reply, "the equals of any people I know. There is a new race in process of formation in Argentina, a race which is being made out of the best element of the Latin races, with a sprinkling of Anglo-Saxon. The original settlers of Argentina came from Spain, but they were mostly from the northern part of that country, and their children and children's children have grown up in the colder regions of South America. They have been improved by the more invigorating climate of Argentina. Another large element



is the Italian, which is composed of immigrants from Northern Italy, and another is French. More than one-third of all the people in the country are foreigners, and 70 per cent of the foreigners are Italians. About 92 per cent of the immigrants have been of the Latin race, the remaining 8 per cent being made up of British, Danes, Swiss, Portuguese, and Russians. All of these different elements are mixing together. The races are intermarrying and out of them will come the Argentine race of the future. The new generation in all cases seems to be proud of being Argentines, just as the children of our immigrants are proud to call themselves Americans."

#### THE METROPOLIS OF SOUTH AMERICA.

"How do the people live in Argentina, Mr. Barrett?" I asked, "on farms or in cities?"

"There are a great many on the farms," replied the minister, "but by no means so large a proportion as in the United States. About one-fifth of all the people in the Republic live in Buenos Ayres and its suburbs. That city is by far the most important in the country, Rosario coming next, with 125,000, and Tucuman, in the far north, with 50,000. Cordova has, I judge, about 50,000.

"Buenos Ayres is a wonder," continued Minister Barrett. "It is the biggest city on the South American Continent, the biggest Spanish speaking city in the world. It has 915,000 within its borders, and with its suburbs numbers more than a million. It is a progressive city and is as up-to-date as any city on the North American Continent. It has excellent street cars and electric lights, and its sanitary condition is as good as that of the cities of the United States. It is a town of wide streets and big buildings. It has libraries, literary societies, and good public schools. It has good newspapers, and one of its journals, *La Prensa*, has the finest newspaper building of the whole world. It is a city of big banks, of enormous capital, of stock exchanges whose business runs high into the tens of millions, of fine clubs, and of live, twentieth century people. In the other capitals of South America the people stop business from 11 until 2 for breakfast and a siesta. Buenos Ayres does business all day long and the streets are thronged from daylight until dark. Indeed, the town makes me think of New York and Chicago rather than the ordinary South American city."

#### ROOSEVELT AMONG THE GAUCHOS.

"What do the common people among the Argentines think of us, Mr. Barrett?" I asked.

"They are very much interested in the United States," replied Minister Barrett. "I traveled over a great part of the country, spending some time on the farms, or *estancias*, and meeting all classes of the people. I talked now and then with the *gauchos*, or cowboys, and was surprised to find they knew so much about the Yankees and even about President Roosevelt. I remember one large ranch that I visited. I was the first foreign minister who had ever gone to that part of the country, and when the cowboys learned that I represented the United States and had come from North America they wanted to see me. There was a great crowd of them employed on the *estancia*. They came together and I made a speech to them, through their foreman, in

which I said I should be very glad to answer any questions they would like to make as to my country or its people. They were much interested, and, though very backward at first, they finally said there was one thing they would like to know, and that was whether I was personally acquainted with the President of the United States, Mr. Roosevelt. I told them I had the honor of knowing him personally and being one of his friends. They then asked if it were really true that he had lived a part of his life as a cowboy and could really ride a bucking horse. I told them it was so, whereat they were very much delighted, evidently thinking that it must be a free country where a cowboy could become President."

The conversation here turned to American trade with the Argentine Republic, and I asked Mr. Barrett what should be done to increase it.

"I have already told you that we need new steamship connections," was the reply. "We need also new banking connections. There ought to be a great American bank in Buenos Ayres, or, better still, a branch of one of our biggest New York banking institutions. The banks of Argentina are strong.

"Some of them have as much as \$80,000,000 silver on deposit at one time. There is one bank which has a capital of \$50,000,000. The American bank should be able to do business in the large cities, and it would find plenty to do. It would control the exchanges on New York and would form a place where Argentine exporters could inquire about the business standing of firms in the United States and where our exporters could ascertain the business standing of men in Argentina. This is one of the great troubles with our trade at present. Most of it is carried on through foreign hands, and information as to the responsibility of purchasers is lamentably lacking.

"I think we should have more American firms in Argentina. Our biggest institutions should have their branch establishments there, and they should drum the country with their own salesmen. The American will work two hours where the Argentine agent works half an hour, and he will do much more business in the same time. As it is now the field is a comparatively new one. Argentina is a country like ours, a new land, with a pushing people. There are great possibilities for American trade, but energetic Americans are needed to build it up and to fight for it in competition with the English and Germans, with the Italians, Spanish, and French."

"I suppose you saw something of Uruguay during your stay in South America, Mr. Barrett?"

"Yes: I visited Montevideo and met the principal Uruguayan officials. That country, although comparatively small for a South American republic, is one of the richest on the continent. It has excellent lands, and parts of it are as fertile as the best parts of Argentina. It is a cattle country, having about 37,000,000 acres of pasturage. It also raises a great deal of wheat and corn. One of its chief exports is hides, which are sent by the shipload to the United States. We bought in the neighborhood of \$2,000,000 worth of hides and skins from Uruguay last year, and we sent about \$1,500,000 worth of American goods there."

"What kind of place is Montevideo?"

"It is one of the finest cities on the South American continent. It lies right on the sea, on a tongue of land so shaped that the rains wash

its streets clean. It has fine buildings, street cars, and electric lights, and all sanitary improvements. They are now dredging out the harbor and improving the city in other ways."

"What is going on in Brazil?"

"Brazil is in a very good condition," said Minister Barrett. "I stopped for a time in Rio Janeiro, and saw other cities along the coast. The country is improving, and its vast resources are being slowly developed. Brazil is an empire in extent. It is as large as the United States, without Alaska and our outlying possessions, longer from north to south than from Pittsburg to San Francisco, and wider than from New York to Salt Lake. The country has all sorts of resources. In the south there are lands of much the same character as Argentina, where cattle can be reared; farther north are the coffee countries, which produce the most of the coffee of the world, and in the vast territories of the Amazon is gathered most of the rubber used all over the globe. Brazil has gold mines, coal mines, and diamond mines. Parts of the country have never been prospected, and there are areas now wild which will some time support a vast population. As it is now Brazil has almost half of all the people of South America, and almost half the territory. It is a wonderful country, and one of enormous possibilities."—(Copyright, 1904.)

FRANK G. CARPENTER.

Mr. RICHARDSON. The report of the special committee of the Chamber of Commerce, which I present, is as follows:

PORTLAND, OREG., August 1, 1904.

*To the Merchant Marine Commission, in session at Portland, Oreg.*

GENTLEMEN: Realizing that your time is both limited and valuable, and that your mission here as well as to the other ports of the United States is well understood, it is not the purpose of this committee, representing the marine and commercial interests of Portland, to inflict upon you any historical data regarding the past, but we would be a little less than human if we failed to acknowledge with appreciative thanks the many generous compliments you have individually and collectively paid this city.

We knew before you came that our city was unequalled, both as to its summer climate and its varied attractions from a natural standpoint, but your enthusiastic indorsement is none the less appreciated. Your compliments to the port and good wishes for the success of the Lewis and Clark Centennial Exposition next year will always be held in kindly remembrance.

You are naturally familiar with the statistics on marine commerce, not only here, but at every other port in the United States, and it is our pleasure to present only such facts as are corroborated by Government reports.

Portland occupies a unique, interesting, and commanding position in the development of the foreign and domestic trade of the United States, as she is the principal port, metropolis, chief market, and commercial center of the great area drained by the Willamette and Columbia rivers, the two chief streams commercially between the Mississippi River and the Pacific Ocean—a territory amply able to give support to five millions of people when fully developed; and for these and

many other reasons there is no subject touching the improvement of our rivers and harbors, the extension of the American merchant marine, or any other similar subject having to do with the increased trade of the United States in which Portland is not and will not in the future be an important factor.

**L**umber, wheat, and flour are the three great factors which furnish the bulk of the seagoing traffic from this and other ports of the Pacific Northwest, and in these three commodities Portland occupies a commanding position. To illustrate, the relative importance of the different coast ports in the wheat trade is shown by the following shipments by water for the calendar year 1903: From Portland, 6,799,228 bushels; from Puget Sound, 4,428,859 bushels; from San Francisco, 3,029,408 bushels.

The figures for the fiscal year ending June 30, 1904, on wheat shipments, as compiled by the Department of Labor and Commerce, are as follows: From Portland, 3,476,453 bushels; from Puget Sound, 1,725,073 bushels; from San Francisco, 1,774,431 bushels.

These shipments prove that almost 50 per cent of the wheat shipments from the Pacific coast go out of Portland. Ten of the big wheat carriers dispatched from Portland showed an average of more than 210,000 bushels each, as follows:

Vessel:	Bushels.
Lime Branch.....	259, 723
Langbank .....	221, 932
Glenturret .....	218, 195
Wilhelmina.....	214, 879
Teenkai .....	205, 928
Pak Ling .....	203, 392
Puritan .....	203, 296
Hyson.....	198, 333
Elba .....	189, 400
Palatina .....	187, 540
Total .....	2, 102, 618

In both lumber and flour shipments Portland holds the world's record for the number of big cargoes. Ten vessels have been dispatched from this port carrying an average of 3,260,000 feet of lumber each—to make this more convincing we append the exact statistics:

Steamer:	Feet.
Oceano .....	3, 944, 823
Tottenham.....	3, 634, 015
Strathgyle .....	3, 600, 000
Thyra .....	3, 550, 741
Guernsey .....	3, 433, 452
Glenlochy .....	3, 250, 000
Oakley .....	3, 076, 701
Palatina .....	2, 968, 546
Adato .....	2, 777, 271
Norman Isles .....	2, 770, 500
Total .....	32, 606, 049

The largest cargo of flour ever dispatched went from this port on the S. S. *Algoa*, and amounted to 85,276 barrels, breaking the world's record by more than 15,000 barrels. Sixteen steamers have left this port with cargoes in excess of 50,000 barrels, the average being in excess of 55,000 barrels.

The steamers and the amounts of flour carried are as follows:

	Barrels.
Algoa.....	85, 276
Indrasamha.....	59, 629
Indravelli.....	59, 187
Indravelli.....	57, 977
Indravelli.....	54, 184
Indrasamha.....	52, 579
Indrapura.....	52, 176
Eva.....	52, 000
Thyra.....	51, 931
Indrapura.....	51, 351
Thyra.....	51, 088
Eva.....	50, 960
Aragonia.....	50, 800
Indrasamha.....	50, 781
Adato.....	50, 425
Indravelli.....	50, 236
Total.....	880, 560
Average per cargo.....	55, 035

The value of a few of the principal products of the State of Oregon for 1904, in round numbers, are as follows:

Wheat, oats, and barley.....	\$10, 000, 000
Lumber.....	10, 000, 000
Live stock.....	9, 500, 000
Minerals.....	5, 000, 000
Dairy products.....	3, 750, 000
Wool.....	3, 500, 000
Hops.....	3, 500, 000
Fruit.....	3, 000, 000
Salmon.....	2, 500, 000
Total.....	50, 750, 000

While in the above statistics we confine ourselves to the State of Oregon, it must not be forgotten that large portions of our sister States of Washington and Idaho are dependent upon this port as an outlet to the markets of the world.

Portland, as stated above, is interested in the report of the Merchant Marine Commission, as its report and the action that Congress will take upon it will be of great interest to every port in the United States. This city as a combined manufacturing and wholesale distributing point is doing an annual business to-day exceeding \$200,000,000.

To refer briefly again to the water shipments on the Columbia River, there were last year shipped 174,808,569 feet of lumber, and over 65,000,000 feet of this went to foreign ports. Gratifying as is this record, it will be eclipsed during the present year, as the figures for the first six months of 1904 on water shipments alone showed a gain of over 10,000,000 feet as compared with the corresponding period of 1903. A member of this committee, to illustrate the force of statistics, has figured out that Portland shipped enough lumber last year to build a plank walk 3 feet wide clear around the earth.

Thanking you, gentlemen, for kindly listening to this report, we are,  
Very truly, yours,

EDGAR W. WRIGHT,  
TOM RICHARDSON,  
*Special Committee.*

I thank you, gentlemen, for this hearing.

Representative HUMPHREY. Mr. Richardson, can you give the Commission the percentage of your foreign trade done in American and foreign bottoms at this port?

Mr. RICHARDSON. Well, the percentage is practically nothing. I have given the names of the vessels, but I suppose the story would be told better by some of the men who are more familiar with that particular fact. Mr. Burns, can you answer the question as to what proportion of our business goes in foreign bottoms?

Mr. BURNS. Practically all.

Mr. RICHARDSON. Practically all of it goes in foreign bottoms.

#### NOT ONE AMERICAN SHIPOWNER IN PORTLAND.

Representative HUMPHREY. What American shipowners have you, if any, in Portland who own ships engaged in the foreign trade?

Mr. BURNS. We have none at all.

Mr. RICHARDSON. None at all.

Representative MINOR. Then, all your shipping from this port to foreign countries goes under a foreign flag?

Mr. RICHARDSON. We are intensely non-American in our shipping business.

#### STATEMENT OF W. A. MEARS.

Mr. MEARS. Mr. Chairman and gentlemen of the Commission, I had expected that before I was called upon to make any remarks the subject would have been gone into more fully by others, because the view upon which I wish to speak is of a nature more in touch with the coastwise trade than the foreign trade.

I represent the transportation committee of the chamber of commerce, and as such we have all trade matters in hand. The people of this country have found out that by the combinations of railroads we can hardly expect any relief in the way of low rates on freight unless we look to the water.

It is true that there is a line, and a well-equipped line, sailing from New York, coming here monthly, which has reduced the rates of freight somewhat, but we have learned by experience that they too have gradually fallen under the influences of the railroads. Taking the one item of canned goods, whereas originally they offered us a freight rate of 45 cents, that is to say 65 cents with the absorption of a local on the end at New York of 20 cents, that rate has now risen until it is 65 cents.

We find that the route which goes across the isthmus is controlled by the Harriman lines, and we understand that means that it is controlled by the Standard Oil Company. Their rates of freight are practically and almost entirely just 20 per cent below the rail rate across the continent. This 20 per cent is absorbed largely by the interest on the money, for the goods will take a long time to go across the isthmus; marine insurance and the transshipment and retransshipment of goods, as they have to be handled at both ends of the Panama Railroad.

#### WATER ROUTE NOT AVAILABLE.

So, although apparently we have two chances to get our freight at a low rate, which the water always allows to ports, we find that through the influences of the railroads the water route is not available to any great extent.

When the United States Government purchased the Panama Canal, with it went the Panama Railroad. For years that railroad has had a contract with the Pacific Mail Steamship Company, which is a line owned by the Harriman system, which effectually shuts out all other shipping from partaking in that business.

The CHAIRMAN. I assume I am correct in saying that when the contract was made the Harriman interest did not own the Pacific Mail Steamship Company.

Mr. MEARS. No, sir; I think not. They acquired it as they managed to acquire all the other routes of trade. I understand that they are now about to acquire the Atchison, Topeka and Santa Fe Railroad.

As I said, when the Government acquired title to the canal it acquired title to the Panama Railroad, and the railroad interests are now striving to get the Canal Commission to renew the contract with the Pacific Mail. The result will be that we will be shut off and have practically no water competition. We seek to have the influence of this Commission on this point. We want to spread to the world the enormity of this thing, and we want all such action by the Panama Canal Commission forestalled.

The reason why I am here before you is to state that should that contract be abrogated, in my opinion a fleet of vessels would be put on from New York to Colon, and another from Panama to San Francisco; and certainly that would open up one more avenue for the American merchant marine. It would be free for all. We would get our freight more reasonably, and the consumer, not the shipper, would have the advantage of that.

As an illustration of the difference in rates when it was open, at one time the merchants of San Francisco put in a line of steamers when they fell out with the railroads, and I give you the figures which were given me by the head of the freight bureau in San Francisco, a man who is well versed in all such matters, probably the best posted man on this coast. He said that freights which were then 35 cents are now \$1.

Of course at so great a distance from shipping points the freight question enters largely into the value of goods. Every case of canned goods the consumer uses has to bear the added expense.

We thought that by appearing here and laying this matter before you it might have some influence on your minds, and that at any rate it would bring the matter publicly before the people of the United States, so that this contract shall not be made. I thank you, gentlemen.

Senator MITCHELL. May I ask Mr. Mears a question?

The CHAIRMAN. Certainly.

#### THE PACIFIC MAIL CONTRACT.

Senator MITCHELL. Mr. Mears, upon what fact do you base your statement that an effort is being made to secure a continuance of the contract? I should like to know it, if you have any fact.

Mr. MEARS. I base it on this fact: Mr. Schwerin is the vice-president and general manager of the Pacific Mail Steamship Company. It has been kept quiet heretofore. The matter was agitated seriously in San Francisco by a freight bureau there, of which we have a branch here. It was kept quiet. A form of action was being discussed as to what should be done and in what manner it should be

done, and by an oversight one of the gentlemen who was in that meeting leaked and it got into the papers. Immediately Mr. Schwerin telegraphed the head of the freight bureau asking for a conference and asking that the matter be kept out of the papers until that conference was held. Consequently he did give Mr. Schwerin a meeting and told him that the only way in the world we could get relief would be in that way; that low freight to the Pacific coast terminal means a low freight to the interior and to the consumer generally, because railroads can not carry as low freights, we will say, as 35 cents to points back into the country and pay interest on their bonds. They might meet that competition at a Pacific coast terminal point, but they can not carry it indefinitely back into the interior.

I might explain to the Commission that the theory of the rate on freights into the interior is the same as the through haul to the Pacific coast plus the local rate back. The reason of this is that it is supposed that water competition forces the railroads to a very low freight rate at the port, and consequently the interior shipper, if he ships by the railroad, would get that rate anyway by shipping by water and paying the charge back. But if you get a rate to a Pacific coast terminal point as great as I mention they can not afford to carry that freight back; they must make their rate higher if they intend to meet competition and at the same time pay interest on their bonds. That is the reason why we are opposing it, of course. We are not opposing the railroad, but we do want cheap freights.

The CHAIRMAN. While the matter of freight rates is entirely foreign to our inquiry, I will venture to ask you as to the comparative freight rates on railroads between the present year and, say, ten years ago. In New Hampshire at points where we have no water competition it is claimed, and I think justly, that the freight rates have been enormously reduced on railroads. They are hauling freight at a very low rate at the present time. How is it here?

Mr. MEARS. I do not think that is the case here. Our rates are to-day higher than they were two years ago. On January 18, I think it was, a new tariff was issued, the plea by the railroads being the added cost of transportation and the increased wages and the increased cost of everything, and my remembrance is that the tariffs were raised about 10 per cent. There has been no great decline in freight rates here, except under the circumstances which I delineated. Occasionally a line is bought off from one line, and under those circumstances, of course, reasonable charges have to be made; but under normal conditions I do not think that freight rates have been reduced materially in the last ten years.

The CHAIRMAN. We are much obliged to you, Mr. Mears.

#### STATEMENT OF J. ERNEST LAIDLAW.

J. Ernest Laidlaw appeared.

The CHAIRMAN. Mr. Laidlaw, state to the Commission in what line of business you are engaged.

Mr. LAIDLAW. I am a ship broker, Mr. Gallinger.

The CHAIRMAN. What company or companies do you represent?

Mr. LAIDLAW. Laidlaw & Co.

The CHAIRMAN. A foreign steamship company?

Mr. LAIDLAW. Not at all; local; Portland. We tackle any kind of ship afloat.



The CHAIRMAN. You are a broker?

Mr. LAIDLAW. Yes, sir; pure and simple.

In considering this subject, before getting on to my speech I wish to correct an impression which Mr. Richardson may have left with the Commission. He stated that in our foreign trade there is no American vessel practically engaged. I should like to take issue with Mr. Richardson on that point, because I can very readily show that in the lumber trade at least a very large proportion of the shipments foreign to both China and Australia and, of course, the Philippines, are carried purely in American bottoms. At the present moment these vessels are competing as to both rates and voyages with foreign steamers, and the foreign steamer has not much the best of it. Mr. Burns himself is shipping a cargo to Manila now in an American ship, if I am not mistaken. Is not that correct?

Mr. BURNS. I will explain that some commerce goes in American ships, but the great bulk of it, I think you can safely say, is carried in foreign steamers and in foreign ships.

Mr. LAIDLAW. In a few minutes I will produce a paper showing the proportion.

The CHAIRMAN. The Commission is very glad to know that there are some American ships in commission at the port of Portland.

#### TWO POSSIBLE METHODS.

Mr. LAIDLAW. In considering the subject of building up the merchant marine, it seems to me that there are two methods which are really feasible. One is by the system of subsidies, such as we have an example of in the French merchant marine. Another is by permitting the prospective shipowner to buy ships anywhere he pleases, commonly known as the free-ship system.

Of course it has been stated that the establishment of direct lines creates trade between ports. I think it is a generally recognized fact that trade has to be there before the line goes on. No man puts his ship into trade on mere speculation; he has got to have something definite. As a rule, the line is the result of a sort of desultory traffic which has been carried on before in tramp steamers. The trade grows to such proportions that the line is put on, and then it is true, of course, that the line increases the trade.

It seems to me that we have a sufficient example of the results of mileage bounty in the working of the French mercantile marine. We have the spectacle there of a lot of ships sailing about the seas aimlessly, to all intents and purposes. The Government has agreed with those shipowners to give them a certain subsidy based on the number of miles sailed and also on tonnage. The result has been that the French shipowner has seen lots of money before him. He has built ships and built ships, and he never ceased building ships until at the present time the French Government faces a deficit of \$27,000,000. That is an honest debt, a debt incurred in accordance with laws which they are bound to pay to the French shipowner. That subsidy has until 1914 to run. There are no funds available for its payment, and that money has to be provided somehow.

On the other hand, we have Germany and Norway, where a man has bought ships as he pleases anywhere in the markets of the world. Those ships are under the Norwegian or the German flag, more par-

ticularly under the German flag, because a great many ships under the Norwegian flag are owned by persons of other nations and are sailed there to avoid burdensome legislation in their own country. Under the German flag there are a number of ships which have been built abroad, and they are a credit to the German flag to-day. In our own country we have ships built under a foreign flag, not built in this country.

Representative HUMPHREY. Of what class?

Mr. LAIDLAW. I am speaking of sailing ships, the *Bangalore*, the *Andrew Welch*, the *Santiago*, the *Roderick Dhu*, the *Hawaiian Isles*, and the *John Ena*. I could name a rather big list to you.

Representative HUMPHREY. All sailing vessels?

#### FOREIGN SHIPS IN COASTWISE TRADE.

Mr. LAIDLAW. All those are sailing vessels.

It seems to me, gentlemen, that by removing the difficulties in the way of naturalizing a ship and allowing her to come under the American flag—and I may say not necessarily in the coasting trade, but in the foreign trade pure and simple—in that way we would be likely to get a pretty fair merchant marine together in a very short time.

The CHAIRMAN. You would not argue that under any conditions we ought to allow foreign ships to enter into the coasting trade?

Mr. LAIDLAW. It seems to me it would not do any very great harm. I would not allow foreign ships under a foreign flag to enter it; but I mean ships which have been naturalized, which are under the American flag and are paying taxes in this country.

The CHAIRMAN. You would not absolutely close out what little work we have now in our American shipyards, where they are engaged almost exclusively in work for the Government and for the coasting trade? Do you think that that would be good policy?

Mr. LAIDLAW. Mr. Senator, if the coasting law were amended so as to permit naturalized ships to trade between the eastern and western coasts of the United States, I do not think it would have that effect.

#### HOW COULD FREE SHIPS HELP?

Representative HUMPHREY. In talking about free ships I wish to give you the condition we have up here on the Sound, and to ask your opinion as to how free ships are going to help us there. We have this condition: We have a line of American steamers running from Puget Sound to the Orient, and prior to the Japanese war they had to compete with Japanese vessels which came in there that were subsidized \$350,000 a year. They are competing with the English line now that comes out to Vancouver, subsidized at \$300,000 a year. The Japanese vessel is manned by a crew that costs at least 50 per cent less, as far as officers are concerned, to run to-day than the American vessel, and the officers on the British vessels also receive less pay than the officers on American vessels. How do you think free ships would help us? How do you figure it out that a person could go abroad and buy a ship and bring it in there and pay higher wages and compete on their very wharf with a foreign vessel that is subsidized sufficiently to pay its running expenses?

FOR MAIL SUBVENTIONS.

Mr. LAIDLAW. Mr. Humphrey, I intended also to say that I am thoroughly in favor of subsidies where something is returned for them. I believe thoroughly that where a ship is carrying the mail she is entitled to payment for it. If willing to hold herself in reserve as an auxiliary cruiser, she should receive a subsidy for that. But she is not entitled to it in the ordinary carrying trade, where she is doing nothing at all but trying to make what money she can in that way.

Representative HUMPHREY. Then you admit that, taking the condition I have described on Puget Sound, free ships would bring us no relief?

Mr. LAIDLAW. I do not see that they would bring any relief in that particular condition; but I do not see that they would do any particular harm.

Representative HUMPHREY. It would simply not help in any particular. What help could it be?

Mr. LAIDLAW. If a man wished to invest money in a ship, it would permit him to invest it. I say in that case let him invest it.

Representative HUMPHREY. If he wanted to invest his money in a ship, he might do as many are just now doing—buy a foreign ship and keep her flag on it and save that expense.

Mr. LAIDLAW. Of course she has got to have our flag on it if we want the country to own her.

Representative HUMPHREY. Hundreds of thousands and millions of American capital are invested in foreign ships to-day, and the law is simply evaded. As a matter of fact it is a dead letter.

Mr. LAIDLAW. I say a class of ships should receive a subsidy. Take the Boston Steamship Company, for instance. Suppose those ships carry the mail, suppose they are held at the call of the Government at any time, those vessels are entitled to a subsidy. They render service for it. It seems to me that if a man is going to build a ship of that kind it should receive a subsidy. I do not believe in subsidizing ships brought in—naturalized ships—but that we should simply subsidize vessels built in the United States.

Representative HUMPHREY. You would believe, then, in following the English Government in giving a mail subvention?

Mr. LAIDLAW. A mail subvention, and particularly to ships held at the call of the Government in case of need, as auxiliary cruisers, if necessary.

The CHAIRMAN. Mr. Laidlaw, I do not wish to interrupt your interesting statement, but I desire to have a little conversation with you on the question of free ships when you get through with your statement.

Mr. LAIDLAW. I do not know that I have much more to say, except it seems to me that if free ships were permitted there would be a great deal of money invested in them and a great many fine ships brought under the flag of the United States, and the only persons to suffer, if any are to suffer, would be perhaps 25 iron ship builders. I think I am pretty well in the mark in saying that those men would hardly come before you in distress, because they would be so busy building gunboats and cruisers to protect that commerce they would hardly know that there had been a change.

## AVERAGE TO FREE SHIPS.

The CHAIRMAN. The matter of free ships is an old question, discussed in Congress over and over again, and before this Commission. Several gentlemen have appeared before us and very earnestly advocated it. The Commission took occasion to call some shipowners and shipmasters before it on the Atlantic coast and interrogated them as to whether if they could go into the foreign markets and purchase ships free and sail them under the American flag they would undertake to do it. In every instance they said they would not; that after they had purchased the ship they had the increased cost of operation to face and the handicap of a subsidy in some form or other given to the foreigner.

The Commission likewise called some of the leading bankers of Boston before it, and asked them if under existing conditions, or under a free-ship provision, they had any money to invest in American ships to be engaged in the foreign trade, and they said not a dollar unless the conditions could be equalized, or comparatively so; that there was not any American capital to be invested for that purpose.

Now, I have looked into the matter somewhat and I wish to call your attention to some points in reference to the free-shipping question. You will remember that France tried the free-ship policy for a great many years.

Mr. LAIDLAW. Yes, and subsidized them after she got them.

## . LOST UNDER FREE SHIPS, GAINED UNDER SUBSIDY.

The CHAIRMAN. Yes, sir. She tried the free-ship policy. I have looked at the figures, and I find that in 1860 France had 996,000 tons; in 1870, 1,072,000 tons, and in 1880, 919,000 tons. In other words, there was a large shrinkage in the tonnage in France under the free-ship policy. She has now gone to the system of subsidizing her ships in some form or other, and I find from the official records that in 1890 France had a tonnage of 1,045,000, and in 1903 a tonnage of 1,622,000. She increased her tonnage in that time over 500,000. Her steam tonnage has increased from 809,000 tons to 1,053,000 tons, and her sail tonnage has increased from 235,000 to 468,000 tons.

It would seem from the figures that the shipping of France met with a substantial decrease during the free-ship period, and it has met with a very remarkable increase during the subsidy period.

Mr. LAIDLAW. It certainly has.

The CHAIRMAN. The French subsidy system, I will say, is a very clumsy form of subsidy—one there is no danger the United States will ever imitate.

Mr. LAIDLAW. It has simply demoralized shipowners as far as business morals are concerned. They simply put both hands into the Treasury as fast as they can do it. On this coast in every charter party of a French ship there is a particular clause reading, "ship to have leave to call at a French port for bounty purposes." There is some provision in the French subsidy law that the ship must leave from a French port or possibly take cargo from a French port, but every French ship operating out here, whether it leaves from Hamburg, Antwerp, or London, includes this clause in its charter party, so that they can secure increased bounty by false representations as to the port of departure. I do not think there are any fewer dishonest

men in this country who would do the same thing. I only think they have a little more shrewdness than the average Frenchman, and would get more out of it.

NORWAY'S BOUNTY TO SHIPBUILDERS.

The CHAIRMAN. Then as to Norway, looking to that country and her free-shipping policy, if my information is correct, and I think it is, much of the Norwegian tonnage actually represents British shipping transferred to the Norwegian flag to avoid the load-line law and other restrictions which England has placed on her shipping.

Mr. LAIDLAW. A good deal does.

The CHAIRMAN. The further fact, I think, is indisputable that notwithstanding Norway has done that, and in that way aided herself in carrying out the free-ship policy, she is now going to some form of subvention or subsidy in reference to her shipyards.

Mr. LAIDLAW. A mail subsidy perhaps; but I do not think she ever in general fully advocated a subsidy. I think it has been suggested to me that it is more in the form of a bounty to shipbuilders. I think that is true of Norway.

The CHAIRMAN. I have looked into the German policy a little. They had a free-ship policy in the beginning.

Mr. LAIDLAW. Yes; and have yet.

The CHAIRMAN. And have yet. But that free-ship policy in the beginning I think was very largely due to the fact that they had no modern shipyards of their own at that time. Is not that correct?

Mr. LAIDLAW. Ships have been built in Germany for a very long time, and very good ships have been built in Germany. There are the Rickmers, Schiffsbau Gesellschaft and J. C. Tecklenborg, in Geestmunde, and the Bremen Shipbuilding Company, in Bremen, and they have a number of large shipbuilding yards. They build just about as good a ship as anybody could put up.

The CHAIRMAN. I think their shipyards are inferior to those of England.

Mr. LAIDLAW. I do not think so. I think the Bremen ships are equal to any ships built.

GERMAN AID TO SHIPPING.

The CHAIRMAN. Is it not a fact that most of the increase in the German merchant tonnage has occurred since Germany, in 1885, on the initiative of Bismarck, adopted a subsidy and bounty system so as to encourage shipping?

Mr. LAIDLAW. There has been a very considerable increase in German shipping right along. It has been a very steady, healthy growth. As the tonnage has increased the ships have made more earnings and the shipping has increased.

The CHAIRMAN. Of course you recall the fact—

Mr. LAIDLAW. Of course I am not speaking of mail and passenger lines particularly. I think the backbone of any merchant service is the tramp steamer and sailing vessel.

The CHAIRMAN. You recall the fact, of course, that Bismarck did initiate that system in 1885, and that the present Kaiser is doing all sorts of things by way of governmental aid to help the German merchant marine?

Mr. LAIDLAW. Yes, he is.

The CHAIRMAN. As an illustration, I think I am correct in saying that the German imperial railways haul material for German shipyards at a nominal rate, which in effect is a bounty to those shipyards. The German Government goes further than that. It has the German railway haul at a nominal rate merchandise transported by German ships. Of course that is a discrimination against foreign ships in German commerce. My investigation has led me to believe that the German Government in every possible way, by every possible contrivance, is given a preference.

Mr. LAIDLAW. Except by telling a man he simply shall not get a ship anywhere else, possibly.

The CHAIRMAN. Is it not a fact, in addition to that, that the Cunard Steamship Company has recently complained to the British Government that immigrants were not allowed to travel through the German Empire unless they bought steerage tickets from the German steamship lines?

Mr. LAIDLAW. I do not know about that.

The CHAIRMAN. I think that is a fact. Another fact which may have escaped your attention is that Germany seems to have abandoned her free-ship policy.

Mr. LAIDLAW. She took  $3\frac{1}{2}$  per cent last year from the British yards. Of the output of the British yards  $3\frac{1}{2}$  per cent went to Germany. German shipbuilding has a pretty fair share.

#### MUST BE BUILT IN GERMAN YARDS.

The CHAIRMAN. If you will look into the matter further you will find that the steamships of the German mail subsidized lines are required by law to be built in German shipyards.

Mr. LAIDLAW. And very properly. I have just suggested that steamers held at the call of the Government and carrying the mails should be built in American shipyards. I believe that in regard to the general carrying trade the sailing ship, the tramp steamer, a man should be allowed to build her where he likes, and that that will bring the price of shipbuilding down in this country.

Representative MINOR. Have you any real desire to bring the price of shipping down as long as the conditions are just as they are?

Mr. LAIDLAW. Not a bit, if a man can run them.

The CHAIRMAN. I wish to ask you if you have noticed the conditions under which the British Government has advanced the money to build the two new Cunard ships?

Mr. LAIDLAW. To be repaid, I believe, in twenty years, if I am not mistaken. I do not know the exact number of years. The rate of interest is slightly beneath the Bank of England rate.

#### THE NEW CUNARDERS.

The CHAIRMAN. This is more particularly what I had reference to. Are you aware of the fact that the condition in that contract is that the steamships shall be built in British shipyards?

Mr. LAIDLAW. Yes, I am.

The CHAIRMAN. So even England—

Mr. LAIDLAW. I do not think there was much necessity to do that. Probably they would be built there in any case.

The CHAIRMAN. Still England did it for some reason or other.

Mr. LAIDLAW. Their subsidy was an entirely new proposition. It was Chamberlain's proposition all the way through.

The CHAIRMAN. It is rather going back on the free-ship policy of Great Britain, though, when she puts in a contract a provision that the ship shall be built in her own yards, when it might have been built in a German or Norwegian yard more cheaply.

Mr. LAIDLAW. That is the only restriction I have ever seen on her free-ship policy. You can buy ships where you choose if you want to put them under the British flag.

#### JAPAN'S SUBSIDIES.

The CHAIRMAN. Have you noticed how the Japanese tonnage has greatly increased since Japan adopted some form of governmental aid?

Mr. LAIDLAW. I know it has increased largely. I think Japan will be a free-ship country entirely.

The CHAIRMAN. I think the record shows that Japanese merchant tonnage has increased from 151,000 in 1890 to 730,000 tons in 1903.

Mr. LAIDLAW. It is by mail subvention; and they are held as auxiliary cruisers and can be called on at any time.

The CHAIRMAN. In the investigation this Commission has made we have visited all the shipyards that were available. We found the great shipyards of New York very scant of work. If it was not for the Government work they are doing they would be practically idle. At the present time they are employing perhaps a couple thousand men in Cramps' yard and in the New York shipbuilding yards in New Jersey. We visited the Moran Brothers' yard at Seattle, and we find that they are building a battle ship. I did not discover that they had much else. But in most of the yards they had some ships under way that are to be employed in the coastwise trade. I am surprised that you take the position, which I think no other man has taken before the Commission, that we ought to open the coastwise trade to foreign ships.

Mr. LAIDLAW. I do not say particularly the coastwise trade on each side, but I think it is a pretty big stretch to call it coastwise trade from New York to San Francisco or Oregon, and to go clear around South America when you are doing it.

Representative HUMPHREY. I understand that you only advocate opening the coastwise trade to foreign vessels that load on the Atlantic and come to the Pacific?

Mr. LAIDLAW. Yes; and not to foreign ships but to these naturalized ships.

#### AN END TO AMERICAN SHIPBUILDING.

The CHAIRMAN. But it is a fact that the shipyards are not doing anything at present in the direction of building American ships for the foreign trade?

Mr. LAIDLAW. There is no particular reason why they should. The prospect is not very tempting for American shipping or any other shipping at the present time.

The CHAIRMAN. It has been suggested that for that reason no harm could come if we adopted a free-ship policy. Yet do you not think it is a wise effort on the part of the Congress to discover some plan whereby we can take up the building of American ships for the foreign trade and in that way keep our yards busy and employ American

labor? Of course if we go to the free-ship policy it means that in all human probability we would never build another American ship for the foreign trade.

Mr. LAIDLAW. I do not think it does.

The CHAIRMAN. I think that is clearly susceptible of proof, for the reason that the foreigner can to-day build a ship cheaper than the American, due largely to the fact that the foreigner has standardized his ships, and we never will build ships cheaply until we have business enough to enable our shipbuilders to do in building ships what our manufacturers have done in reference to bridges and locomotives, to standardize them, and build them very much cheaper because of that fact. Would there be any hope that we could ever reach that point if we opened our country to the cheap-built ships of foreign nations? Mr. Laidlaw, the Commission is going to consider the free-ship question in connection with all other matters.

#### CAN NOT COMPETE WITH SUBSIDIES.

Mr. LAIDLAW. There is another point I should like to bring up. There were a great many ships, you noticed, in Seattle. You had some testimony from Mr. Thorndyke up there, saying that his ships had been built originally for the foreign trade, and they found they could not work them against these subsidized vessels. Am I not right on that point?

Representative HUMPHREY. Yes; he said some of them were tied up. We saw two while we were there.

Mr. LAIDLAW. Those ships never have been in competition with subsidized vessels, but in competition with the tramp steamers and sailing vessels in the foreign trade; and the reason why they can not do that is that they are not built to suit it.

Representative HUMPHREY. They do not come in competition with the French subsidized vessels?

Mr. LAIDLAW. They do not; at least I do not think they do.

Representative HUMPHREY. That is what he said.

Mr. LAIDLAW. The French vessel is almost entirely in the wheat trade. He has one or two ships in the lumber trade. His ship is not suitable for the wheat trade. She comes in competition on this coast with the lumber vessel, and she is not a suitable ship for lumber.

The CHAIRMAN. Is he not laboring under the handicap of excessive cost of the ship and excessive cost of maintenance?

#### THE COST OF MAINTENANCE.

Mr. LAIDLAW. I do not know what his ship cost, and I have never yet been able to see why there should be very much difference in the cost of maintenance. The wages paid are the same, except as far as the officers are concerned, say three officers. There would be a difference in a master possibly of 50 per cent in wages. I do not think the difference would be so great in the other cases. As far as the crew are concerned, they are paid precisely the same wages everywhere without regard to nationality. It is the wages of the port. That is the rule in all ports, and it does not matter whether it is an American or what kind of ship. From Hongkong an American ship will take a crew on at \$15 Mexican a month.

Representative MINOR. The American ship pays a higher rate of interest and higher insurance.



Mr. LAIDLAW. I do not know why it should pay higher insurance if the ship comes up to the classification.

Representative MINOR. I do not know the reason, unless it pays on a higher capitalization.

Mr. LAIDLAW. Possibly that might be the case.

The CHAIRMAN. I understand that you can see no objection to the Government continuing to extend aid and enlarging it, as the Government now extends aid under the law of 1891 for the carriage of the mails.

Mr. LAIDLAW. It seems to me that that is the most proper thing the Government could possibly do, but it will not benefit your cargo boats or your sailing ships in the slightest degree. They have to stand on their own footing, in my opinion.

Representative MINOR. Is it not probable that if we establish lines running between American and foreign ports for the purpose of carrying the mails, they will build up a large business there so that in the end they themselves will not be able to carry it but will have to employ, perhaps, freight tramp ships to run with them?

Mr. LAIDLAW. My experience, however, as a rule—and the result of my inquiry—is against any belief that steamers are looking about for trade for their country. Their greatest anxiety is for them to get into port and to get out as quickly as possible.

Representative MINOR. If the American will not do that, what will the foreigner do?

Mr. LAIDLAW. He will do precisely the same thing.

#### A LINE TO SOUTH AMERICA.

The CHAIRMAN. But, suppose we had an American line of ships from New York to Buenos Ayres, do you not think the enterprising American manufacturer would see that he had his agents there to drum up trade for that line?

Mr. LAIDLAW. I think the enterprising American manufacturer in that case would have a man out there, if he saw the possibilities of trade, before any enterprising American shipowner would go and sail his ship up and down the coast in the bare hope that the manufacturer might possibly get a cargo together for it.

The CHAIRMAN. My interrogatory is based upon the assumption that the ship is there; that the Government has aided sufficiently in some way to sail the ship there. Do you agree that then, inasmuch as we are doing very little trade—

Mr. LAIDLAW. While we have the protectorate over it under the Monroe doctrine, the enterprising American manufacturer would have his agents there in a short time if he found that there was to be trade.

The CHAIRMAN. I think the enterprising American manufacturer is not overlooking any opportunity. If there is an opportunity for trade he is going to get the trade.

Representative MINOR. There is no opportunity there now for the want of transportation. If we make a line direct from an American port to that point and an agency is established the manufacturer will not have to ship by way of Liverpool.

Mr. LAIDLAW. What is the matter with trying a tramp steamer on that route? She is capable of getting the goods there, and then you will have a line.

## MANUFACTURERS WANT AMERICAN SHIPS.

Representative MINOR. It is by reason of the uncertainty of the line. We had before us at Cleveland some of the largest manufacturers of machinery in the United States, and they fully explained to the Commission why it was impossible to build up that trade, but said if we could have direct communication between New York, for instance, and Buenos Ayres, they could build up a large trade.

The theory, I will not say it is the theory of this Commission, but the theory among the people along the Great Lakes, is that if we had a certain sure line running from American ports to South American ports, a line that they could depend upon absolutely, owned by Americans and officered by Americans, and all agents Americans, there would be a better opportunity for building up a trade than there is at the present time, where their transportation is uncertain and the people managing it unreliable. A tramp comes into the port of New York bound for a port in Germany, perhaps; she makes one trip this year, and probably never makes another between the ports again; she cares very little about the delivery of goods.

Mr. LAIDLAW. She is bound to care about the delivery of goods, or she has got to pay for them.

The CHAIRMAN. How are you going to enforce it?

Representative MINOR. The whole hearings show that you can not enforce some of the restrictions and some of the laws against a foreign ship. That tests it; they can not do it; shippers do not do it on the Atlantic coast; they do not do it on the Great Lakes.

Mr. LAIDLAW. I should like to see a ship get out of this port which smashes up her cargo on the voyage here by her own fault without paying for the damage.

Representative MINOR. She smashes it up after she leaves port and does not come back again.

Mr. LAIDLAW. She never gets out of port until she gets it on and if it is damaged at sea by her neglect, it must be paid for at the port of discharge.

Representative MINOR. She smashes it at sea.

The CHAIRMAN. Proceed, Mr. Laidlaw.

Mr. LAIDLAW. I have nothing more to say.

Representative SPIGHT. Mr. Laidlaw, I wish to ask you a question. I understood you to say that while you favor a mail subvention you do not think any material benefit will accrue to the trade carrier by that policy.

## BENEFITS OF A MAIL SUBSIDY.

Mr. LAIDLAW. No, I do not.

Representative SPIGHT. Then I should like to have you state what benefit to the American marine would accrue from the policy of a mail subsidy?

Mr. LAIDLAW. It would secure the lines that Mr. Minor speaks of, between different ports, and of course it would certainly tend to increase the business. It would increase the merchant marine at least.

Representative SPIGHT. The main thing we want, though, to carry is freight?

Mr. LAIDLAW. I concede that it is the main thing.

Representative SPIGHT. Now, then, another question. If the policy

of payment of subsidies to mail carriers should be inaugurated or extended, what do you think about the probability that the system would have to be made perpetual? In other words, do you think there is danger that when the subsidy is withdrawn the ships will also be withdrawn?

Mr. LAIDLAW. I certainly do. We must surely take that into consideration.

Representative SPIGHT. Then if we inaugurate that system we must keep it up?

Mr. LAIDLAW. We will have to keep it up. All that will have to be taken into consideration.

The CHAIRMAN. Are you aware of the fact that when Great Britain put on her subsidized line to Rio and Buenos Ayres she paid \$1,200,000 and is now paying \$400,000—in other words, one-third?

Mr. LAIDLAW. No; I did not know that.

The CHAIRMAN. It is a fact. In other words, the line secures business, and the presumption is that after a while its condition will be such that the subsidy can be entirely discontinued. I think that is worth putting in the record.

#### SEAMEN AS WELL AS SHIPS.

Mr. LAIDLAW. There is another thing. I have understood that the French Government are even justifying their subsidy on the plea that they are getting a reserve for their navy. I think you will find that the French navy is recruited pretty much from the fishermen in the Channel. Of course, every man has to serve somewhere in the French and German service. It seems to me if you are thinking of anything of that sort these subsidized lines should carry American crews and each man should be paid somewhat on the order of the British naval reserve. If I am not mistaken, the Canadian Pacific Line carry a certain portion of the crew as naval reserves, and each man is paid a certain amount and puts in a certain amount of drill each year on an actual ship in the navy.

The CHAIRMAN. I feel sure that whatever action this Commission takes it will not lose sight of the fact that we need sailors as well as ships.

Mr. LAIDLAW. Yes; but I think it would be very difficult to try to get a merchant marine manned entirely by Americans. No other country has ever done it. Even France has not been able to do it. She requires three-quarters, and by the time she gets around to these waters she has usually a pretty mixed lot of Greeks, French, and English, and everything else. We may see an entire German crew on an Italian ship.

#### WAGES AND SHIPS.

Representative SPIGHT. You spoke a while ago of the comparative cost of operation, and stated that practically the same wages are paid seamen on American and on foreign vessels.

Mr. LAIDLAW. Outside the coasting trade.

Representative SPIGHT. I understand. I refer to the foreign trade. The cost of feeding is about the same?

Mr. LAIDLAW. There is no particular reason why it should not be. It has come to be a sort of tradition of the mercantile marine sailor

that he does get better grub but has more work and is hammered around a little bit more in American ships. I do not know that it is a fact, but it is a tradition anyway among sailors. It is also true that they expect a great deal more work out of a sailor if it is an American ship than on any other ship. I think I am perfectly safe in saying that. And they get it, as a rule. I know in the coasting trade they figure on about 40 cents a man a day for feeding, and if I am not very much mistaken, in the British mercantile marine the scale is figured at about 25 cents. But I imagine that in the foreign trade it is less than in the coasting trade, even under the American law.

The CHAIRMAN. That has been the testimony, I think, almost without exception.

Mr. LAIDLAW. I should say it was a little more in British ships, because it is based on nearer 30 cents than 25. With an Asiatic crew they figure on about 16 cents a day, and feed their men for about 16 cents a day.

Representative SPIGHT. Does that apply to Americans as well as other nationalities?

Mr. LAIDLAW. To all. They all eat the same—rice, fish, and things like that.

The CHAIRMAN. That is all, unless you have something further to present, Mr. Laidlaw.

Mr. LAIDLAW. Thank you, sir. May I call your attention to these figures in regard to the proportion of American ships leaving Portland for foreign ports?

The CHAIRMAN. Had you not better mark it and have it go into the record?

Mr. LAIDLAW. I can do that.

The matter referred to is as follows:

Foreign.	Cargo.	Destination.
Ninfa .....	1,450,000	Cape Town.
Glencoslin .....	1,472,900	Port Natal.
Cromartyshire .....	1,319,326	Cape Town.
Cressington .....	1,707,129	Callao.
Francesco Giuseppe .....	1,506,275	Antofagasta.
Invermay .....	1,125,890	Callao.
Elfrieda .....	1,500,000	Port Natal.
Seven .....	10,061,520	
American.	Cargo.	Destination.
Forester .....	852,925	Kobe.
Annie E. Smull .....	1,093,451	Taku.
Echo .....	863,145	Pisagua.
Georgina .....	1,106,984	Taku.
Commerce .....	945,000	Manila.
Louisiana .....	1,051,710	Do.
W. F. Garms .....	1,297,302	Shanghai.
J. H. Lunsmann .....	1,248,503	Do.
H. K. Hall .....	1,453,005	Kaio Chou.
Samar .....	907,857	Manila.
W. H. Talbot .....	991,130	Shanghai.
David Evans .....	1,002,648	Kobe.
Wm. Bowden .....	922,032	Kaio Chou.
Commerce .....	946,000	Manila.
Eldorado .....	1,069,904	Tsingtau.
Fifteen .....	15,751,596	

NOTE BY MR. LAIDLAW.—In other words, nearly 60 per cent of the lumber shipped to foreign ports from Portland in sailing vessels was carried in American bottoms. I treat Manila as a foreign port, as that trade is still open to foreign vessels.

**ADDITIONAL STATEMENT OF THOMAS RICHARDSON.**

Mr. RICHARDSON. Mr. Chairman, the subject that was just under discussion is covered in this interview with Hon. John Barrett, written by Frank G. Carpenter, and gives the very latest data on the question of the Argentine Republic and the trade that will possibly increase. Mr. Barrett states that—

“We Americans are not in favor of subsidies. We do not believe in fostering one industry at the expense of others, and the people would not consent to the Government giving a large bounty to any steamship line. I do think, however, that the United States could afford to pay a good round sum for a fast line of mail steamers to the east coast of South America. If she will do this I am assured the Argentine Republic will come forth and pay her share, and in time the business will so grow as to make such a steamship line self-supporting. There is now considerably more than \$100,000,000 worth of trade between the United States and Atlantic South America. We have a big trade with Brazil, and our exchanges with Argentina annually amount to about \$16,000,000.”

He goes on to say, however, that this trade could be increased enormously if we had better shipping facilities.

Being a member of the different organizations which handle non-political questions in the great Middle West, and being to-day chairman of the executive committee of the trans-Mississippi Congress, where we have had this matter up time and again, I know that the American people are in favor of a better merchant marine. That we are in favor of shipping in American bottoms goes without saying. From one end of this country to the other there is no disagreement on that point. In the technique is where the trouble comes. Resolution after resolution was passed; organization after organization met and agreed that we must have the Frye bill or any other bill, and then all at once we woke up with an idea that that was not the proper thing. There was no particular reason about it. It was just exactly like we concluded about eight years ago that the United States as a country had come to the limit of its manufacturing possibilities. We of the South threw up our hands. We could not manufacture cotton in New England; and now we are just at that crazy rag end. This sentiment of criticism all over the United States is in the way of an improved and increased merchant marine.

But take John Barrett. He is a brilliant young fellow. In one breath he says we can not afford to subsidize and in the next breath he says if we had to pay money for a shipping line we could not afford not to do it. Everyone of our shipping men believes the same thing. I think we are just at the verge of where we are coming to see the turning point. Instead of the cotton mills losing money as they did, they will commence paying 40 per cent next year.

The trouble with American shipping, the trouble with this subsidy bill, commenced four years ago when we attempted to ship off 650,000,000 bushels of corn. Every shipping port in the country immediately felt it. The sentiment, the political sentiment, or any thing of that kind had gone, and we had for sentiment American patriotism. I do not know why, but it seems to me it happens that those I have talked with most here I ought not to say are against an American merchant marine, because that is not true—

Mr. TAYLOR. You know it is not.

## AMERICAN PORTS IN FOREIGN HANDS.

Mr. RICHARDSON. But there is every kind of technique raised that can possibly be raised against the question. The truth of it is that American sentiment is not in control of American shipping in any portion of this country. American shipping, not only at this port but at a great many others, is in the hands of foreign ideas and foreign sentiment. I am new, very new, in Oregon, and I do not want to be put down as expressing an opinion that differs from that of the community in which I live; but I can not believe that the great West, any less than the great Middle West and the mid continent north of the Gulf ports, is against any kind of business-like method that can be adopted to put the American flag on the sea.

I am not familiar enough with the subject to present anything like technical ideas. I have lived in ports all my life. My life work has been the development of agriculture in the Middle West through our Gulf ports. We would get up to a point where we got the north and south lines of a railroad in our favor; we would try to get the shipping men, and just the minute we thought we had accomplished something the rate of wheat in Liverpool and other foreign ports would accord exactly with the reduction we had got at home.

## AMERICA MUST CONTROL AT SEA.

America, to get the full benefit of all she can get out of the growth of American products, must control the sea. As to how it can be done, as I said a little while ago, I am in favor of the ship subsidy. I am in favor of any kind of a method that can be adopted to accomplish this result. And I say to you, gentlemen, that the farmers of Kansas, Nebraska, Iowa, and Missouri, outside of their independent burdens, believe that something should be done. I am a protectionist on the question of the marine when I leave the land just as my friends down in Louisiana are protectionists when they get on land on the question of their sugar and rice and my friends up here on the question of their lumber.

So it is not a political question. It is one purely of business. I really think, and I hope and I believe that, with all of you gentlemen on this Commission intensely American and absolutely nonpolitical, when it comes to the work you have in charge, representing every section of this country as you do—the extreme East, the extreme West, the extreme South, and the Lake interest—you are going to arrive at some plan which you will put before Congress that will give us an American merchant marine. And I want to “God bless you” on your mission and to thank you for coming to Portland. (Applause.)

The CHAIRMAN. Mr. Richardson, I want to put in the record the fact that, as well as I can remember, there has not been a discordant note in any part of the country uttered before this Commission so far as the desire to rehabilitate the merchant marine is concerned. It is merely a question as to how to do it.

## STATEMENT OF ALFRED TUCKER.

Alfred Tucker appeared.

The CHAIRMAN. Mr. Tucker, kindly state to the Commission in what line of business you are engaged?

Mr. TUCKER. Importing.

The CHAIRMAN. The Commission will be pleased to hear any views you may have to present.

Mr. TUCKER. My views have been pretty thoroughly aired during the last half hour here, Senator, but I think there are two or three points I might give.

A DUTY ON FOREIGN TONNAGE.

I can state my views regarding subsidies to the American merchant marine, and when saying that I exclude entirely the mail and passenger lines of steamers between this country and others, and confine my remarks almost entirely to the freighting trade, my views agree with those expressed in the Oregonian both on Saturday and this morning—that is, as far as subsidies to the freighters is concerned. I believe that American capital, the American shipowner rather, should be permitted to go into the markets of the world and buy tonnage wherever he can buy ships, and to bring those vessels under the American flag, as all American capital should be. I will say that I am a limited protectionist. I do not believe in the unbounded protection of everything, but I am a limited protectionist. I believe that Congress should put duties upon foreign bottoms when they are brought under the American flag, and that this duty on foreign tonnage should last as long as the American shipbuilders find it impossible to compete with the foreign trade—that is, in building vessels. I believe by doing that the American merchant marine would be built up enormously.

I believe it is true that there is an enormous amount of American capital invested in foreign bottoms, and if the foreign vessels which are owned by American capital were brought under the American flag the money which is expended largely in fitting them up in foreign ports would be spent in our own ports, and in a very short time American capital would find that there is a good investment in the ocean freighting business.

The CHAIRMAN. Mr. Tucker, I did not quite understand your suggestion as to placing a duty on a foreign ship when it is engaged in American trade. What was your suggestion?

Mr. TUCKER. I will explain it in this way. The firm with which I am connected is engaged in importing foreign merchandise to this market. We bring, we will say, pig iron here, on which we pay a duty of \$4 a ton, and it goes into consumption on this coast. Now, if American capital has the right to go out and buy tonnage in the cheapest markets of the world, they will buy their tonnage in the same way we by our merchandise and bring it into this country and pay duty on it. In that way you are protecting American shipbuilding.

Never for one moment would I advocate any plan that would entirely or to any extent do away with the American shipyards. I believe that there is an enormous future before the American shipyards; that the building of sailing vessels and the building of tramp steamers is going to increase enormously in this country.

The CHAIRMAN. Do you really think there is going to be a revival of the sail vessel in this country—

Mr. TUCKER. I do not see why it should not be so.

The CHAIRMAN. When there has been such an enormous depreciation in the last twenty-five years?

Mr. TUCKER. I would not like to go as far back as all that, but at the present time the markets of the world are perhaps overstocked with tonnage. It is simply a question of supply and demand as far as the products of the world being required in other countries is concerned.

I believe the question of the wages to be paid to the sailor and to the officer of the sailing ship and of steamers is one that cuts very little figure. To my mind American vessels, except as far as the officers of the vessels are concerned, do not pay any larger scale of wages to the crews than foreign vessels, with some exceptions. We will take, for instance, all British tonnage, and German, and probably French vessels. There are some belonging to Japanese, and others where labor is undoubtedly very much cheaper, but the other nations of the world pay about the same rate of wages. While it is advisable to pay an officer of a vessel a salary on which he can live and respect himself, that is not always done in foreign countries by any manner of means.

#### FOR A SUBSIDIZED NAVAL RESERVE.

I believe that that difficulty can be largely overcome by taking in, for instance, all mail and passenger routes—for the one goes with the other—and having all the officers and all the crews of those vessels in a sort of naval reserve. These subsidized mail-route steamers, by the way, I would say, should be built in the United States without question, and those men should be paid by the Government a reserve salary for the officers and wages for the crews, so that at any time, when the necessity ever arises and those vessels should be required to come into the United States Navy, for no matter what purpose, these men may come into it; that those men should be subsidized for the years of their training and their working on the merchant vessels to come into the Navy, so that they may be prepared and be able to take their place with the men who are actually in the Navy. I believe that that can be very easily done and that it should be done.

Regarding the coasting laws, I believe that they can be changed somewhat.

The CHAIRMAN. In what particular, Mr. Tucker?

Mr. TUCKER. In this way: By allowing American capital the right to go into the markets of the world and buy tonnage wherever it can buy it cheapest, and then by paying duty upon that tonnage brought under the American flag; and those vessels should have the right to coast from Atlantic to Pacific ports. I do not advocate the bringing in of this tonnage for the Pacific coastwise nor for the Atlantic coastwise business, but between the two—between the Atlantic and the Pacific—it seems to me that those bottoms should be permitted to trade, and further—between the United States ports and our new possessions. In doing that I believe that we will overcome a great deal of difficulty.

In a very short time the Panama Canal will be cut through, at least we hope so. We believe it will be done, and then the trade from the Pacific to the Atlantic, perhaps from the Atlantic to the Pacific, will be enormously increased. The enormous amounts of lumber which are to be carried in the future greatly surpass anything that has been done in the past. My belief is that when the Panama Canal is opened, where we have shipped 1,000 feet of lumber in the past we will ship



1,000,000 feet in the future. And that business should be carried in American bottoms through the canal.

It is my strong and absolute and firm belief that if American capital can not see that there is any money in the ocean-carrying trade business under existing laws it is more because the conditions are at the present time, perhaps, against the building of American ships. So I advocate the levying of a duty upon naturalized tonnage; but I do believe that American capital should be permitted to purchase bottoms wherever they can find them cheapest and bring them under the American flag.

PROTECTION AGAINST CHEAP LABOR.

Representative SPIGHT. Mr. Tucker, I do not exactly catch your idea as to the duty upon foreign-built ships that come under the American flag. How would you levy that duty? What is your plan as to a duty upon foreign-built ships?

Mr. TUCKER. That is something that I believe can be very safely left to you, gentlemen. For instance, as I explained just now, we go into the markets of the world and buy pig iron and bring it here.

Representative SPIGHT. I understand; but if I understood you correctly just now, you said that you are in favor of a duty upon foreign-built ships when they come under the American flag.

Mr. TUCKER. Yes, sir; just exactly as we pay duty on imported foreign merchandise, so that when a man buys a foreign-built vessel and wants to bring it under the American flag, he may have the right to do so by paying—

Representative SPIGHT. By paying so much money?

Mr. TUCKER. Yes; actually.

Representative SPIGHT. Just for the privilege of coming under the American flag?

Mr. TUCKER. Yes; the same way as the men who import anything else into this country. That is my idea. If we levy a duty on pig iron it is only right and proper that we should levy a duty on a foreign-built ship.

The CHAIRMAN. I suppose you are aware of the fact that under our existing laws the material used in the construction of an American ship, imported from a foreign country, comes in practically free of duty—that is, there is a rebate allowed, substantially equal to the tariff rate upon that material.

Mr. TUCKER. Yes; I believe so.

The CHAIRMAN. So we have now, so far as ship-building material is concerned, the privilege of importing it practically free of duty.

Mr. TUCKER. But we do not need to import that material into this country. We have it all here—everything. We have better material here, if anything, than they have in other places.

The CHAIRMAN. But we can buy abroad cheaper than we can buy here—

Mr. TUCKER. That is the idea.

The CHAIRMAN. Just as we can buy a foreign ship cheaper than we can build it?

Mr. TUCKER. Yes, sir. But then it is simply my idea that the foreigners being able to build ships cheaper than we can build them in this country, it is only right and proper, as long as we are a protection country, that a duty should be levied upon any foreign-built vessel.

Representative MINOR. You would apply this duty to a ship the same as we apply it to anything else manufactured abroad by cheap labor?

Mr. TUCKER. Exactly.

Representative MINOR. You think that duty should be levied on the same theory we levy other duties, namely, to measure the difference in cost abroad and the cost here by reason of our higher-priced labor?

Mr. TUCKER. Exactly; and I should like to call attention to the fact——

Representative MINOR. I simply ask you if that is your view.

#### A LIMITED PROTECTIONIST.

Mr. TUCKER. Yes, sir; exactly. I do not advocate any enormous duty, but I am a limited protectionist. This is practically a new industry, and when you consider the amount of American tonnage, in comparison with the tonnage of the other big world powers, I believe there must be something done to help it. I believe that every man who is a citizen of this country wants to see the American merchant marine built up.

Now, I was born in England, but that is not my fault. I believe that I am as good an American citizen to-day as any man who was ever born in this country.

Representative MINOR. You give evidence of that fact.

Mr. TUCKER. I believe myself to be so, and while my views on this matter may not agree with those of one of the gentlemen who went before me, still at the same time I do absolutely believe in American ways and American institutions, and in the upbuilding of the American merchant marine. As long as American capital can not at the present time see its way clear to go into the building of steel vessels (for iron is out of date) without some help, then give it the help.

It was only a few years ago when all the tin cans that were made in this country were made of imported tin plate. The McKinley tariff law was passed by Congress and in a very short time imported tin plate was a thing of the past. No more tin plate is brought here, no more can be brought here, and the American tin-plate industry is one of the first in the country, and is growing every year, for the consumption of tin cans is going to increase.

So I believe that by protecting American shipbuilders in the same way, not fully to the extent of putting on a prohibitive tariff, for that would simply do away with the thing altogether, but by a limited moderate tariff upon imported bottoms you would help the American shipbuilder and stimulate the building of new vessels.

#### THE LONG-VOYAGE COAST TRADE.

The CHAIRMAN. But do you not think that the result of putting foreign-built ships in the Atlantic and Pacific coastwise trade instead of stimulating the building of ships would be to destroy ocean shipbuilding practically in the United States?

Mr. TUCKER. No, sir; I do not.

The CHAIRMAN. How in the world could it help American shipbuilders when we were importing foreign ships even though we paid a duty on them?

Mr. TUCKER. I was not aware that it was the idea of the Commission to find out altogether and only how to build up the American shipbuilding trade. I thought it was how to best improve the American merchant marine.

The CHAIRMAN. Not in the interest of foreign governments, as I understand it.

Mr. TUCKER. Foreign governments—no. But competition is one thing we can not do without, and it has not destroyed the American tin-plate business.

The CHAIRMAN. We are not in competition in the coastwise trade, where we exclude the foreigner entirely, and we are getting along very well.

Mr. TUCKER. Yes, but between the Atlantic coast and the Pacific coast it is a big stretch of the imagination to call it coastwise. So it seems to me.

The CHAIRMAN. What am I to understand by that? Between New York and San Francisco and Boston and San Francisco?

Mr. TUCKER. Yes.

The CHAIRMAN. Unquestionably it is coastwise.

Mr. TUCKER. Of course it is, under the present laws, I know; but at the same time a vessel has to sail just as far or quite as far practically between New York and San Francisco as between Hamburg or Liverpool and San Francisco. It takes just as long to travel the distance; and while I do not advocate allowing foreign bottoms to enter the coastwise trade between ports on the Atlantic or between ports on the Pacific, I do advocate the allowing of foreign bottoms, only those brought under the American flag, to trade between Atlantic and Pacific ports.

The CHAIRMAN. I understood you to say that you entirely agree with the position the Oregonian takes on this question.

Mr. TUCKER. I qualified that, sir, by saying only as far as the freighters are concerned. I desire to exclude from that statement, as I said at first, all mail and passenger routes.

#### A SUBSIDY FOR MAIL ROUTES.

Furthermore, in following up your line of thought just now, when you interrogated Mr. Laidlaw, regarding the South American trade, I believe in Government aid to an extent in stimulating that trade, to inaugurate it rather, and to help it along, to build up such a trade. There is nothing now, on your own say so, between the Atlantic ports and the South American ports. There is no line of steamers at all running there now. Very well; then I would advocate a Government subsidy for mail and passenger routes there to the same extent that other governments subsidize their mail routes.

Take, for example, the mail route between Australia and New Zealand, and San Francisco and Canada, where there are two lines running one to each place, and they are subsidized by the Australian and New Zealand governments, not by the United States; and undoubtedly the owners of those lines enjoy a good business. Now, if the United States would step in and subsidize lines to there they would be doing undoubtedly a great work for the Pacific coast. Then also to Japan and to China, and to India, if necessary.

The CHAIRMAN. I will venture to suggest, Mr. Tucker, that it is a very

gratifying distinction you have made between your position and that of the Oregonian, because that paper did not even give us the small comfort of suggesting that we might aid some lines by some sort of help. It was a sweeping statement, thrice repeated, that nothing should be done.

Mr. TUCKER. My reading of the article to which you refer, sir, gave me the impression that the Oregonian did not mean to exclude mail routes. But I may be mistaken in that view.

The CHAIRMAN. It was an unfortunate way of stating the question if that is true.

Mr. TUCKER. My idea was that the Oregonian meant that it did not believe in subsidizing freighters, the cargo vessels, or putting on an American vessel to carry the wheat or lumber from this port, but to let the lumber freighting take care of itself. They can do it in other countries, and I see no reason why they should not do it here without a subsidy. That is my position.

#### WHAT MOTIVE WOULD THERE BE?

Representative SPIGHT. Mr. Tucker, along the line of your idea of a duty upon foreign-built ships when admitted to American registry, Captain Miner, I believe, asked you if you were in favor of a duty equal to the difference in the cost of construction. If that were done, what would there be to prompt the buying of foreign-built vessels and bringing them to America?

Mr. TUCKER. I think I answered that by saying I am a limited protectionist; that I do not see for a moment any reason for putting on a prohibitive tariff, but at the same time if American capital can be got to go into the shipbuilding or the shipowning trade something must be done to stimulate it and to help it. If a man is permitted to buy his tonnage in the markets of the world wherever he can buy cheapest, then the duty that is put on here will to a certain extent equalize the cost of building it, and that man can then get in safely and operate his business in the future just as cheaply as he can. I believe it will stimulate American shipbuilding.

Representative SPIGHT. I do not understand you then to favor a duty equal to the difference in the cost of construction?

Mr. TUCKER. No.

Representative SPIGHT. Because you would regard that as prohibitive?

Mr. TUCKER. I would look upon that as absolutely prohibitive. But I do believe that there could be a protective tariff on foreign-built ships.

#### THE DISCRIMINATING DUTY POLICY.

Representative SPIGHT. Have you thought anything about the policy of discriminating duties—charging a lower rate of duty on foreign goods shipped in American bottoms than on the same class of goods shipped in foreign bottoms?

Mr. TUCKER. Yes, sir.

Representative SPIGHT. What is your idea on that point?

Mr. TUCKER. It is a very difficult subject; it is a very lengthy one; but at the same time if that would help American shipping I certainly would be in favor of it.

Representative SPIGHT. What do you think as to the proposition whether it would help American shipping or not?

Mr. TUCKER. Being a limited protectionist, I believe that the tariff can be very materially reduced without hurting one single industry in the United States at the present time, not barring shipbuilding.

The CHAIRMAN. Nor hurting Oregon wool?

Mr. TUCKER. Oh, Senator, I am not talking about a general tariff policy. Of course, as a Democrat, I have some rather pronounced ideas along that line.

Representative SPIGHT. But the point I am after is what do you think would be the effect upon our shipping interests if a higher rate of duty were charged upon foreign goods when shipped in foreign bottoms than when shipped in American bottoms?

Mr. TUCKER. I say in view of the fact that it is my belief that the tariff could be materially reduced without serious injury to any of the industries of this country, it might be more particularly to the advantage of the community at large if merchandise brought into this country in American bottoms had a differential duty.

#### DISCRIMINATION WOULD HELP.

Representative SPIGHT. Do you not think it would help to build up the shipbuilding interests of the United States?

Mr. TUCKER. Most certainly it would, for this reason: The American shipowner would then be able to charge, and would undoubtedly get, the benefit of what you may call the differential duty, the difference between the duty charged in foreign bottoms and American bottoms. He would be able to charge that much more freight.

Representative SPIGHT. Would it not also tend to induce foreign shippers to ship in American bottoms?

Mr. TUCKER. Not necessarily, because equal preference might be given that way. It seems to me that it would make very little difference to the importer whether he paid it to the shipowner or to the United States Government direct. He would be paying practically the same amount.

The CHAIRMAN. Mr. Tucker, inasmuch as we have about thirty commercial treaties with other nations forbidding us to give a differential, what do you think would be the result if we abrogated those treaties?

Mr. TUCKER. I think perhaps differentials might to a certain extent be made. I see no reason why it should not be done.

The CHAIRMAN. Do you not think there would be retaliation?

Mr. TUCKER. No, sir; not to a serious extent.

#### NOT AFRAID OF RETALIATION.

The CHAIRMAN. Let me give you an illustration. Suppose we impose a differential as against foreign countries for bringing their products into this country, do you not think we would be in danger of having a differential as against us applied to the wool of Oregon and the agricultural products of the great Northwest in favor of Argentina and Australia and Canada? What is your thought on that point?

Mr. TUCKER. No; not necessarily.

The CHAIRMAN. Do you think England would lie down and let us discriminate against her, and that the other countries would do the same?

Mr. TUCKER. No; not actually in that way. But I believe those are matters which will take care of themselves.

Representative SPIGHT. Right along the same line suggested by Senator Gallinger, is it not a fact that a large percentage of the exports from the United States to England and to other foreign countries are embraced in food and clothing products, and a differential on the other side against us would increase the cost of those things to their own people, which would act as a deterrent and prevent the imposition of differential duties by foreign countries?

Mr. TUCKER. Yes; in all probability. I do not believe that any country that is dependent upon the United States for food products and a good many other things is going to cut off its nose to spite its face.

The CHAIRMAN. On that point, still further, you are not indifferent to the fact that Great Britain has a country north of us that is quite as capable of producing food products as the United States. Now, suppose Great Britain gave a differential to that country in the matter of wheat and other agricultural products, do you not think it would be a great stimulus to increased production there to the disadvantage of our agricultural interests?

Mr. TUCKER. No, sir; I do not. I do not look upon Canada as being in any sense the equal, agriculturally or otherwise, of the United States. I believe that the United States can very well take care of itself in raising grain and selling cheaper than any other nation. We have done it so far. We are shipping steel rails and all manner of structural steel from this country to Europe where before we were always importing those things. But under the protective tariff which we have had, these things are now made in the United States and we can compete with the other countries of the world.

#### DO NOT RETALIATE NOW.

Now, on the same principle, if the United States puts a protective tariff on pig iron of \$4 a ton, why then do not the foreign governments, Germany and Great Britain, put a prohibitive tariff upon our products, the finished material, when we export to those countries? They do not do it. They permit their citizens to buy wherever they can buy cheapest.

It seems to me that this other matter of a discriminating duty on merchandise imported in American bottoms would take care of itself.

Representative SPIGHT. They can not compete with our cotton, which is necessary to run their mills and clothe their people?

Mr. TUCKER. No; I do not believe they can. I do not know much about the cotton business. It is not in my line.

Representative SPIGHT. You know that our cotton is necessary to the life of their mills and the clothing of their people?

Mr. TUCKER. I always understood so.

Representative SPIGHT. Then there would be no evil if the discriminating duty was levied only upon the indirect trade? If, in other words, it would not apply to English products when shipped in English vessels but it would apply to English goods brought by a French or German steamer, to what we call an indirect trade, would a discriminating duty on the indirect trade likely produce any retaliation? Do you get my thought?

Mr. TUCKER. Not quite. If I understand you, you mean to put the same discriminating duty that you would allow to manufactures brought in American or French or German bottoms. Is that your idea?

Representative MINOR. The goods being brought from one country and the vessel from another.

Representative SPIGHT. The goods which are the manufacture of one country should not be subject to that discriminating duty?

Mr. TUCKER. No.<sup>a</sup>

Representative SPIGHT. Then there would not be any motive for retaliation?

Mr. TUCKER. I do not see why there should be.

The CHAIRMAN. They are equally protected by commercial treaties solemnly entered into.

Representative SPIGHT. But we all understand that those treaties can be abrogated by giving notice.

The CHAIRMAN. Certainly.

Representative SPIGHT. If those treaties operate only to the detriment of American industry and to the benefit of the foreigner, we would have the right under the terms of the treaty to abrogate them at any time by giving the necessary notice.

The CHAIRMAN. Thank you, Mr. Tucker.

#### STATEMENT OF JOSEPH D. LEE, ASSISTANT SECRETARY OF THE PORTLAND BOARD OF TRADE.

Mr. LEE. Mr. Chairman and gentlemen of the Commission, your visit has certainly been highly educational, because we have commenced studying these questions as we never have done before. I wish simply to say that since the promised visit of your Commission we have done what I think never has been done before, commenced looking into these matters, and I am going to prepare what might be called not exactly an article but a review of the question, and with your permission I will take only a few minutes. I will give you some of the headings which will show my trend of thought in reference to the subject. I was not expecting to be called on now, but I will take only a very short time.

Representative SPIGHT. Let me ask you a question. How would it suit you to prepare this article and submit it to us before our final work is completed?

Mr. LEE. Yes, sir; that would be all right.

Representative SPIGHT. We would be glad to have it. You can send it to the chairman or secretary of the Commission or to the stenographer and it will be embodied in our report.

<sup>a</sup> NOTE.—I evidently did not catch Mr. Spight's meaning here. What I should have said here was:

"I would not advocate discriminating against the nationality of the vessel bringing the goods; I would say that pig iron brought in American vessels from foreign countries be charged one rate of duty while the same article brought in a foreign vessel be charged a somewhat higher rate, even if the vessel bringing same belonged to the country of exportation. For instance, pig iron imported from Great Britain in a British vessel should pay the same rate of duty as if brought in a German or French vessel from a British port, but pig iron brought in an American vessel to this country should only pay the lower rate of duty; and, of course, what applies to pig iron should apply to all other imported merchandise on which a duty is now levied."—ALFRED TUCKER.

Mr. LEE. Very well. I will be glad to do that; but now that I am on my feet, if you will allow me three or four minutes to give those headings you will get the trend of my thought.

First, that shipbuilding is a great industry, of course, we all know. Our ocean freighting is an immense and growing business.

A strong navy is indispensable to any first-class nation.

An efficient merchant marine is a strong adjunct to the Navy, both in drilling apprentices and in furnishing fast cruisers in the event of sudden war. It is also of vital importance to the commerce of any maritime nation. To be independent and self-reliant it must have its own merchant marine. Thus new channels of business would be secured by establishing a line of steamers, as we talked of a moment ago.

Mr. Balfour, president of the British board of trade, says:

"Englishmen are jealous of everything that affects the position and interests of the British merchant marine. To it we owe the erection of our great Empire, and without it England could hardly exist."

Then we see the necessity of it.

Now comes the question of getting it under a tariff system. Other things being equal, it is not possible to compete with free trade in building and operating ships. I think that has been shown. In the United States a tariff for revenue with protective features will doubtless continue, for neither dominant party favors absolute free trade. They differ principally as to whether protection shall be incidental or whether it shall be intentional. It makes but little difference if you have a tariff what the purpose is; whether it is simply incidental, for the securing of a revenue, or whether it is intentional as a protective tariff, it has substantially the same effect.

#### FREE-TRADE ENGLAND PROTECTIONIST AT SEA.

Free-trade England lends governmental aid to her merchant marine by a system of subventions, which is growing more and more liberal.

Mention was made awhile ago of the two large steamers which were contracted for on the 30th of August, 1903, in which the terms to the builders were more liberal, as I understand it, than ever before. The rate of interest was made lower, the time of payment was made easier, and the subventions larger.

So, while we are a protective country, yet we have the example of free-trade England tending in that direction.

Hence our carrying must go to other countries, necessitating the withdrawal of over two hundred millions annually of capital that should remain here, putting our shipping or our commerce at the mercy of foreign countries, or we must do something toward governmental aid.

I speak tentatively. I am not committed to any particular phase of bounty or anything of that kind, but it seems to me that it is a matter of necessity with us, and we have the example of other countries in doing the very same thing.

#### MILITIA AN OCEAN RESERVE.

The importance of the Navy we can not deny. As has been intimated, and as I intimate here, the merchant marine should be an adjunct to the Navy, something like our militia is to the Regular



Army. Instead of having a great Regular Army we have our militia, men trained, drilled, ready to go into action when we may require them. So with our Navy. We expend a great deal of money upon it. I think if we had a merchant marine that was well equipped, with plenty of apprentices, we would not need to expend so much money on our Navy.

While, of course, we should not do as the French have done—put a bounty upon the number of miles traveled—yet at the same time I think we can aid it, and it is necessary, if we are to build up a merchant marine, that we should aid it in some way, I think by work actually done and by favorable contracts in the mail service.

#### LABOR THE GREAT ELEMENT.

Now, that is my thought. I had not given particular attention to it until these matters were discussed, but the more I look into it the necessity appears the greater. I can see no other way. Of course legislation must be guarded. We must be careful. I would not be in favor of anything radical. Our protective system has been a growth. It has been an evolution. So with this. We go to work and expend a vast amount of money. Naturally when that is done either by the Government or in private enterprise a good deal of money is wasted. But it does seem to me that we should build our own ships. I do not like the idea of ships being built in foreign ports and brought here. Of course it will cost more to build them here, but we have the resources, the wood, the metals, etc., and in the raw state they do not cost much. Labor is the great element in the construction of ships. We would build factories for structural work and all these things and give an impetus to business, and perhaps pay out 25 or 33½ per cent more than what we are doing now, but it would come back in so many compensating ways that unless I see into it deeper and see something different my idea is that the infinitesimal amount which would come upon an individual would be so small that this greater good would much more than offset it.

The CHAIRMAN. When Congressman Spight made the suggestion about filing a paper I was about to make the same request. The Commission will be greatly gratified to receive from you your completed paper, and it will become a part of our proceedings.

Mr. LEE. Very well; thank you.

The paper subsequently filed by Mr. Lee is as follows:

PORTLAND BOARD OF TRADE,  
Portland, Oreg., August 30, 1904.

*To the honorable the Merchant Marine Commission.*

GENTLEMEN: Herewith I hand you the paper I prepared upon the importance of the merchant marine and its upbuilding.

It is written from the standpoint of a citizen, and its chief aim is to show the absolute necessity of Government aid.

I have not undertaken the discussion of constitutional questions, minute details, nor the technical phases of the subject. Any subsidy bill will have to reckon with these as they come up.

Trusting in your good judgment to harmonize, for the best interests of all, the jangling voices to which you have listened in your various sittings,

I am, very respectfully, yours,

J. D. LEE.

## THE AMERICAN MERCHANT MARINE—ITS IMPORTANCE AND ITS UPBUILDING.

[By Joseph D. Lee.]

Maritime affairs present many complex conditions, and the average citizen shrinks from the task of mastering their intricacies. The mercantile marine is no exception in these respects. The would-be student finds men commercially prominent and equally conversant with the subject differing widely as to methods and policies. Very naturally he concludes that it is next to useless for him to attempt the correct solution of the problem. He should not, however, despair. Not infrequently one who views from a distance will get a wider vision—a larger and better understanding of a matter and of its related subjects than he who is immediately interested in some of its particular phases.

There are a few plain propositions that will serve as basic steps leading toward an elevated view point where we may hope to be favored with a wide and comprehensive survey of the situation.

The transportation business is said to be the greatest in the world. The ocean-carrying trade is one of its great departments. It is estimated that the United States pays an annual freight bill of about \$200,000,000 to foreigners, which means the withdrawal of \$1,000,000,000 every five years. No one will question the desirability of keeping this vast sum at home that it may circulate among the people and aid in new enterprises.

## WIDESPREAD BENEFITS.

The building of the carriers of this enormous tonnage is a great industry. It gives employment to a large number of artisans, all of whom are consumers. The manning of the vessels is another field for employment. Seamen are also consumers.

It would be a queer American who would not earnestly desire that our mechanics build the vessels and our men operate them, and receive the wages due for such services, and that our producers furnish and be paid for the products so consumed. The same would apply to the metals of our mines and the timber of our forests.

Frequently commerce can be built up and greatly increased when regularity of trips can be assured. Sometimes valuable trade can be established where a loss was entailed at its inception.

## THE PERIL OF WAR.

Again, no nation can be independent while it relies upon alien powers to do its transporting. Suppose we export 100,000 tons daily at a value of, say, \$50 per ton, or \$5,000,000, and war should be waged between England and Germany, with French complications, how soon would our warehouses be blocked and our trade prostrated? We would be practically helpless. Many of our products could not be sold at any price.

No first-class country can afford to be in such a sorry plight. Two or three years of such a condition would cost our people generally, and our producers in particular, enough to build outright a nice fleet of merchantmen.

During the Boer war the rate on wheat from the Pacific coast advanced about 25 cents per bushel, which came directly out of the pockets of our wheat raisers.

A NAVAL RESERVE.

No one of intelligence questions the necessity of a strong navy. It is expensive, but it is true economy, for a weak navy invites war, while a strong one discourages it. It must be efficiently manned.

We are building up a good navy. In peace we can keep it manned, but how could the depletion caused by war be provided for? We have no merchant marine where apprentices are trained.

Soldiers can be soon drilled, but not so with marines. Properly built merchantmen can be quickly transformed into swift cruisers and their crews into naval troops.

We do away with the expense of a large standing army by organizing the militia. The merchant marine should hold, to some extent, the same relation to the Navy, and a great saving secured.

Let us briefly summarize:

SIX GREAT REASONS.

Six strong industrial and business considerations urge, and two great national necessities demand, a merchant marine, viz:

- (a) (1) Keeping freight money at home;
- (2) Employing and paying our artisans for building our carriers;
- (3) Employing and paying our citizens to operate them;
- (4) Increasing consumption of our products;
- (5) Making market for our metals and timber;
- (6) Increasing our commerce;
- (b) (1) National independence;
- (2) National defense.

This summary controverts the idea often advanced that ship builders and owners are the only ones having much interest in this matter. Where is there a citizen in our entire country who is not interested in one or more of these considerations?

Query: If a merchant marine is so important, why are we not building up one? Because the countries of the Old World can build and operate such vessels cheaper than we can, and the percentage of ocean freighting, by us, is constantly diminishing, although we have some laws favoring our merchant marine.

Some say: "Wait until we have occupied every other field of endeavor, and then necessity will direct our energies to the high seas. Wait until labor and capital are as cheap in America as in Europe." They do not tell us how long that will probably be, nor what we may suffer, nor how much we may lose before that time comes; a time, no considerate person, I trust, would desire to see come.

The statement of such a position works its own undoing.

LABOR THE LARGEST FACTOR.

Let it be borne in mind, that in the last analysis, labor is the largest factor in the whole question.

The cost of raw materials is a small part of the full cost of the vessel, and labor is required continuously while it is in use.

Under a tariff system, other things being equal, it is not possible to compete with free trade in building and operating merchantmen.

In the United States a tariff for revenue with protective features will undoubtedly continue, for neither dominant party favors absolute free trade.

They differ as to whether protection shall be incidental or intentional.

The protective policy has long since negatived the argument that we should buy where we can buy cheapest, so far as it relates to our home people and the outside world.

#### ALL ELSE PROTECTED.

This principle has practically shown that we gain in so many ways by giving reasonable preference to our own people that we can not afford to abandon it. To buy where we can buy cheapest is reckless extravagance, where it breaks down and destroys our industries.

The other proposed remedy of permitting by law the purchase abroad of new or old tonnage and facile means for its registration under the American flag would practically deprive our mechanics of shipbuilding and give no inducement for our young men to follow the seas.

We said that under a tariff policy we could not compete with free trade. That is not putting it strong enough, for those governments which oppose protection do assist in various ways the carrying trade.

#### ENGLAND'S LARGE SUBSIDIES.

England is enlarging her subventions. The latest contracts with the Cunard Line are the most liberal ever given. On the morning of August 3, 1904, after an all-night session, the House of Commons passed a resolution authorizing the Government to raise \$12,000,000 to be employed in the building of new Cunard Line steamships.

Mr. Gerald W. Balfour, president of the board of trade, said in his Sheffield speech, made some time since:

"Englishmen are jealous of everything that affects the position and interests of the British merchant marine. To it we owe the erection of our great empire and without it England could hardly exist."

It is evident that Mr. Balfour has an adequate idea of the importance of this interest, and his utterance comports with what I have already shown.

What must the United States do?

#### STRAIGHTFORWARD AID.

Extend Government aid to the merchant marine in an undisguised, straightforward, practical, careful manner, using such methods as will make the expenditure most available. It should be extended in harmony with the protective principle. We need not copy after England, France, nor Germany. We need not call it subsidies, subventions, nor complicate matters by round-about methods. The plainer and simpler and more direct they are the better.

During the war of the rebellion we gave volunteers a bounty. The sugar raisers of the South for many years received a bounty. If necessary give our sailors a bounty in addition to regular wages. If necessary pay a bonus on freights actually carried. Give aid to lines establishing trade in new territory. After a certain time provide that no foreign-built ships shall be bought for use in our trade, except upon payment of high tariff.

I am not much in favor of very large mail subsidies. Let its rate be based on other beneficial considerations as well. Preferential

tariffs, where they are not subterfuges, may not be objectionable, but a broader home policy is preferable.

Give our labor, whether on sea or on land, the preference.

I trust that a distinctly American policy, broad, effective, and practical may be devised. Of course discretion and judgment must be used. In a certain sense subsidizing is an unbusiness-like proceeding, but if, by its use permanent beneficial results can be secured, then it were not invoked in vain.

If each person should pay an infinitesimal amount on account of enhanced freights, but should receive a larger and greater benefit in a multitude of other ways and the Government made strong and independent, certainly the individual and the general good has been promoted.

#### STATEMENT OF THOMAS WITHYCOMBE.

The CHAIRMAN. Is there any other gentleman present who desires to say a word?

Mr. WITHYCOMBE. Mr. Chairman, it may be presumptuous for me to address your honorable body. When I was a boy I served as an officer in the English merchant marine. My father emigrated here in 1851, and I transferred my lot to the American merchant marine. Since 1874 I have been engaged in farming.

I am here now in the interest of a bounty; that is to say, I take exception to the gentleman who said that our tariff can be reduced. I do not think that can be done with safety. For instance, let us take the Wilson free wool. We saw how it operated here on this coast. I watched the foreign market and the home market. When free wool was inaugurated, Oregon wool was 8 cents below the European market. When the McKinley 10 per cent tariff was put on, our wool immediately jumped 8 cents above the European market. That showed the merchant in Boston had failed to look after our own interests. I think the tariff is helping the United States in very many other instances.

I have a very short letter to read. There are two things, I think, that can not be helped by the tariff under our economies, and they are suffering; those are the shipping interests and the wheat. This has worked great hardship on our people.

PORTLAND, OREG., August 1, 1904.

*To the Honorable Merchant Marine Commission.*

GENTLEMEN: As you asked for opinions and ideas of how to restore the American merchant marine, and having written and talked on that subject for the last fifteen years, I would like to submit a few ideas on the subject.

The body politic and the human body are in some respects alike. If any part becomes atrophied or vice versa and circulation is not equal, suffering is bound to come. Although I am a loyal Republican I believe the Republican party has made a terrible blunder, either through ignorance or selfishness of its men in office, in allowing the once grand and numerous American merchant shipping to be swept from the face of the seas, and on a parallel with the shipping they have committed just such a terrible blunder in not putting an export bounty on wheat. The two are about the only industries that have

not been helped by the tariff; in fact, the tariff has swept the ships out of existence, and reduced the American wheat raiser to abject slavery and acute mental suffering in many instances, for he has seen his farm slip from his own and his posterity's hands to fall into the hands of the hard-working classes of Europe. The pioneer merchant has shared the same fate in many instances, and all this has happened on the most fertile soil the world knows.

#### ENGLAND HAS GOT IT BACK.

After the civil war England had to pay the United States \$15,000,000 for allowing the *Alabama* to fit out; this was for ships that were of no value to us, but since that time the people of America have allowed England to make back that sum a hundred times over by carrying nearly all our foreign merchandise; all because no wise statesman saw fit to inaugurate a bounty to keep our own merchant marine in existence. We have been used to see the expression saying, "What of it!" "If they can do it cheaper than us, let them do it. Why tax others to do it?"

But does this condition not exist? The merchant marine is taxed out of existence and the American farmer to slavery on account of the tariff. If the party will grant a bounty to ships and wheat commensurate with the tariff protection to our other industries, then all classes shall be protected equally and the meaning of our Constitution will have been abided by. The fitting out of those merchant ships will take an immense amount of our products from the farm and range and much other trade that we do not get now. The landowner will then, through prosperity that would come of that needed bounty, improve the condition of his land and home to such an extent that a trade of at least \$500,000,000 a year will be created for our own people.

The principle followed in the past has been, sufficient for the day is the evil thereof, whereas it ought to be the God-given injunction: "Cast thy bread upon the waters and thou shalt find it after many days."

THOMAS WITHYCOMBE.

Gentlemen, how in the world can we make free ships pay? We had the ships after the war and by thousands they rotted at their anchors. If we had them what good would free ships do us? They would do us no good whatever.

Representative HUMPHREY. We have several on the Sound now tied up.

Mr. WITHYCOMBE. I have had experience. If a man would give me a thousand-ton ship to-day as a free gift and tell me to operate her in the foreign merchant marine under the American flag I would decline to take her. I would not have her except to sell her or transfer her to the coasting business. If I transferred her to the coasting trade I would make money. I know that to be a fact.

#### RECESS.

The CHAIRMAN. Is there any other gentleman present who desires to say a word? (A pause.) Has any gentleman present information of any other person who will desire to be heard during an afternoon session, if one is held?

Mr. TUCKER. Yes, sir; there are some who found it utterly impossible to be here this morning, and I believe they will be here this afternoon.

The CHAIRMAN. Very well.

Thereupon the Commission (at 1 o'clock and 15 minutes p. m.) took a recess until 2.30 p. m., when it reassembled.

LETTER OF T. S. M'RATH.

The CHAIRMAN. Mr. Lee has a letter from a citizen of Portland that he desires to read for the purpose of having it become a part of our proceedings.

Mr. J. D. LEE. It is a letter from Mr. McRath, one of the shipping men of the city, and an intelligent gentleman. It is as follows:

[T. S. McRath, Ainsworth Building, Portland, Oreg., coke, pig iron, iron products, steel products, foundry supplies, lime, cement, plaster, fire clay, fire brick.]

PORTLAND, OREG., August 1, 1904.

*To the honorable members of the American Merchant Marine Commission, Portland, Oreg.*

DEAR SIRS: I am positively opposed to subsidizing American vessels, and feel that in the course of time the infallible law of supply and demand will regulate this branch of industry as it has all others. The development of our country in recent years has called for such a vast amount of brains, energy, and capital, and to these has offered such splendid remuneration, that the American has never up to the present day been able to afford exploiting the ocean in a more than superficial manner.

As long as English, German, and French bottoms can carry our commerce to foreign countries cheaper than we can ourselves, I see no plausible reason for taxing the entire American people for subsidy to be paid a few ship builders and owners in order to increase the ocean-going rates of freight on merchandise produced by the people who are taxed to pay for carrying it.

In my belief the greatest good that can now be done for the American merchant marine and the easiest way to increase the number of merchandise vessels flying the American flag would be to repeal our antiquated navigation laws, so as to enable Americans to register and sail under the American flag vessels built or secured abroad by purchase or otherwise, also the revision of our crew law so as to permit American vessels to be sailed or manned by foreign crews.

Very respectfully,

T. S. McRATH.

The CHAIRMAN. Will you state to the Commission, if you know the fact, in what line of business Mr. McRath is engaged?

Mr. LEE. He imports, I think, iron and other commodities from foreign countries.

The CHAIRMAN. Is he an owner of ships or of a ship?

Mr. LEE. I take it he is not. I had a short interview with him last week. He did not indicate that he is a shipowner, and I take it he is not.

The CHAIRMAN. He is not a shipper?

Mr. LEE. No.

## STATEMENT OF EDGAR W. WRIGHT.

Edgar W. Wright appeared.

The CHAIRMAN. Mr. Wright, will you state to the Commission in what line of business you are engaged?

Mr. WRIGHT. I am an editorial writer on the Oregonian.

The CHAIRMAN. The Commission will be pleased to have you present any views you may wish to express on the subject we have in hand.

Mr. WRIGHT. I do not know that I have any definite views any further than in common with most American-born citizens I should like to see the American marine of greater proportions than it is. As to how that could best be brought about I think there are a number of ways. In most other lines of business when a man is successful in building up a trade and another party desires to engage in it he generally follows the same lines by which the other party has made a success.

The most recent illustration of success on the high seas is that of Germany. A dozen years ago the German flag was practically unknown here in our port, while to-day between 25 and 30 per cent of our deep-sea shipping is carried by German vessels. The Germans have been very successful in that way through their being enabled to secure ships wherever they could get them to the best advantage and put the German flag on them.

Their greatest growth was in the years of depression following 1895 and 1896, when Great Britain—and, in fact, all other countries—got very tired of the shipping business because it was unremunerative. The Germans bought up British vessels and put them under the German flag, and as their naturalized fleet increased it supplied more work for the yards which were brought into existence and enlarged those already there to take care of the repair work on the naturalized ships. From that they drifted into more general building, although they had been building ships many years before that time.

None of the German steamships or German steamers that ply to this coast are subsidized or have any advantage in any way over American ships in the same line of trade.

The CHAIRMAN. Are you sure on that point, Mr. Wright?

Mr. WRIGHT. Yes, sir; we have nothing here but freight carriers.

## GERMANY'S LIBERAL AID.

The CHAIRMAN. Of course Germany does pay a very considerable subsidy to ships.

Mr. WRIGHT. I understand, on lines where her trade is developed in proportions to warrant it.

The CHAIRMAN. And Germany under the system inaugurated by Bismarck, and which is being carried out by the present Kaiser, is giving to her shipyards a good many advantages in the matter of transportation over her railroads, is she not?

Mr. WRIGHT. Yes.

The CHAIRMAN. The Commission has been unable, after very diligent inquiry, to find any man, either on the Atlantic coast, on the Great Lakes, or on Puget Sound, shipowner, shipbuilder or banker, who has been willing to say that if they could get free ships they could operate them in competition with foreign ships.



Mr. WRIGHT. I do not think you will find them until bankers are willing to accept 2½ and 3 per cent. The foreigner is willing to accept that. The Americans think they can put out their money to better advantage than to invest it in ships.

The CHAIRMAN. The shipowners and shipmasters say they could not possibly operate them against the lower cost of operation and the subsidy of foreign ships, which they must necessarily encounter as a rule.

Mr. WRIGHT. As a rule that might be true, but the American ship encounters no subsidized opposition in this port. We send out millions of bushels of wheat, millions of feet of lumber, and a great deal of flour. None of that stuff goes out of here in a subsidized vessel. The American ship has the same show as the foreign ship. In fact, in the matter of operation the difference in cost is very small. I think we have in port at the present time a steamer owned by a company very strongly in favor of a subsidy. It is loading here and has the same kind of Lascars and Chinese aboard for sailors that the foreign ships have. There may be a trifling increase in the expense attached to the salaries of eight or ten white men aboard, but not enough to cut any figure.

The CHAIRMAN. You mean to have your argument apply to the freight carriers and not to passenger ships?

Mr. WRIGHT. Not to passenger ships.

The CHAIRMAN. Or to mail steamers?

Mr. WRIGHT. We have nothing much but freighters on our coast; so freight carrying is the real business that should be considered.

Representative HUMPHREY. You mean in this port?

Mr. WRIGHT. Or in Seattle.

#### JAPAN'S SUBSIDIZED LINES.

Representative HUMPHREY. We have a Japanese line of subsidized ships there.

Mr. WRIGHT. I know, but they are going out with small cargoes. They are a little in advance of the times. They will be profitable without a subsidy in the course of time. After freighters have built up a trade they will pay.

Representative HUMPHREY. Do you think it would be profitable to run a line in competition with Japanese ships subsidized at \$350,000 a year that cost them probably 33½ per cent less to build?

Mr. WRIGHT. No, I do not.

Representative HUMPHREY. That is the condition confronting us.

Mr. WRIGHT. That is a condition which is not regrettable. The cargo which goes aboard the Japanese steamer subsidized to such an extent is supplied by, say, 150 farmers and 1 shipper, and I do not think it is right that the 150 farmers should be taxed to pay that 1 shipowner. If no other ship desires to take it cheaper, let the Jap take it.

Representative HUMPHREY. It is your idea that we ought to employ foreign ships because they carry more cheaply?

Mr. WRIGHT. Exactly.

#### LOSS OF AMERICAN LABOR.

Representative HUMPHREY. What we pay to foreign ships is mostly in the way of labor. The great amount paid out to foreign ships is for labor performed in carrying our products, is it not?

Mr. WRIGHT. Well, the principal item of the operating expenses is coal.

Representative HUMPHREY. In what coal the shipper gets he pays for the labor in developing coal. Anyway, in the last analysis, it is nearly all labor, is it not?

Mr. WRIGHT. Yes, sir.

Representative HUMPHREY. If that is true, is it not a good idea to employ labor where we can get it cheapest to develop our other resources? Why not put cheap labor in our mills? Why not bring Chinese coolies and put them in the sawmills and factories of this country if you believe in buying labor where you can buy it cheapest?

Mr. WRIGHT. For the simple reason, as I stated before, that where there is one man interested in ships, ten thousand are not interested in ships. Why not protect the ten thousand and let the one go? Why make the ten thousand pay tribute to the one?

The CHAIRMAN. Have you not put that a little strongly? All the employees in our shipyards, the employees in our steel works, the employees in various lines of industry are equally interested with the man who builds a ship. The man who produces the raw material is interested in ships.

Mr. WRIGHT. I do not quite gather your idea.

The CHAIRMAN. You say that there are ten thousand not interested and one interested?

Mr. WRIGHT. Yes.

#### THE WORKMEN ARE INTERESTED.

The CHAIRMAN. I say it is not only the man who builds the ship who is interested; it is the men who work in the shops, the men who operate in the mines and in the forests—the men, in other words, who take the raw material and convert it into the ship. They are all interested in the ship.

Mr. WRIGHT. Yes.

The CHAIRMAN. So your proportion is, I think, a little unfortunate.

Mr. WRIGHT. The comparison might have been too strong. I merely intended to convey the idea that a subsidy for shipping taxed the many for the benefit of the few.

Representative HUMPHREY. Has not that argument been used in regard to every article produced in this country? You remember when the same argument was used about steel rails?

Mr. WRIGHT. Yes.

Representative HUMPHREY. You remember when it was used about tin plate?

Mr. WRIGHT. Yes.

Representative HUMPHREY. And when it was used about wire nails?

Mr. WRIGHT. But wire nails, tin plate, and steel rails have nothing to do with this question. We are talking about something with which the whole world is competing. If we subsidize our ship she has got to carry freight to a foreign country. We have one big line of American ships to-day. It is the Sewall fleet, at Bath, Me. A few of those ships to-day are carrying freight to foreign ports. They have been for years successfully competing with ships of all other nations.

Representative HUMPHREY. Some of those ships to-day have hard work to get something to do.

Mr. WRIGHT. None of them are idle to-day, although many foreign vessels are.

Representative HUMPHREY. They are in the coastwise trade?

Mr. WRIGHT. No; they are most of the time in the foreign trade. The route they take is from the Atlantic coast out to Japan. Then they come over to Honolulu, load with sugar, go back to the Atlantic seaboard, and out to the Orient again.

Representative HUMPHREY. I wish to ask you a question in regard to free ships. You would consider it as a matter of business entirely, would you not? That is your point of view? A man is not going to invest his money in business unless he thinks it will pay?

Mr. WRIGHT. No; he is not.

#### THE FREE-SHIP POLICY.

Representative HUMPHREY. What particular advantage would there be in permitting the American capitalist to go out and purchase a ship and put the American flag on it when he can go right out in the world to-day and buy a ship and keep the foreign flag on it and save some little cost in the expense of operating it? Why do you think he would do it if the American flag went on it rather than to keep the British flag or some other foreign flag on it when it would cost him less?

Mr. WRIGHT. There is a friend of mine who bought three or four British ships here a few years ago. He lives in San Francisco, and the nearest he can get those ships to his home port is Victoria, British Columbia. He has them registered over there. He would like to have them down at San Francisco and would like to fly the American flag over them. He is not allowed to do it.

Representative HUMPHREY. Would he be willing to pay anything to do that?

Mr. WRIGHT. No, sir; I do not think he would. I do not see why he should be compelled to do it.

Representative HUMPHREY. That is the idea. He would not pay anything to do it, and it would cost him more to operate them under the American flag. So on what theory did you figure it out that if he had a chance he would do it?

#### AMERICAN MASTERS THE BEST.

Mr. WRIGHT. It would not cost more to operate the ship. If he had them in the foreign trade, the only extra cost would be in the pay of the skipper \$25 a month more, perhaps about \$300 a year. The experienced American skipper is the best of his calling and makes the passage to Europe from twenty-five to thirty days faster than the average foreign shipmaster, which entitles him at least to a higher salary than the other man. For that reason the American owner might pay more for his officers. The wages of the crew are the same on all ships. Wherever they touch, the crew goes over the rail and a new crew is taken on at "going wages" in that port.

Representative HUMPHREY. Are you speaking of sailing vessels or steamers?

Mr. WRIGHT. Sailing vessels, which get the bulk of the trade. The same is true to a considerable extent of the tramp steamers which ply on the coast here.

The CHAIRMAN. Mr. Wright, is there anything further that you desire to suggest?

Representative SPIGHT. I should like to ask Mr. Wright one question. If we were to adopt the subsidy policy pursued by other governments and pay a subsidy that would about equal the subsidies paid by other governments to subsidize their lines, what effect would it have upon the subsidy policy of the foreign governments? Would they meet us with another increase, or what effect do you think it would have?

Mr. WRIGHT. That would depend on the character of the subsidy and the manner in which it was applied. For instance, I heard a gentleman here this morning speak in favor of a discriminating bounty, to be paid on freight shipped in American bottoms.

Representative SPIGHT. From foreign ports?

Mr. WRIGHT. From foreign ports. I do not think that that would really change the aspect of the case, for this reason: You would pay your American ship bounty to take your stuff to Europe. When she got over there she would have to get cargo to go to some other port. The European would retaliate with a discrimination against you. He would pay his ship a similar bounty for taking the freight. Your American ship would be at a disadvantage on the other end of the line, while she had an advantage on the American end.

#### ALL FOREIGN LINES.

There is another point that was brought up here this morning in regard to the South American trade. One gentleman stated that we have no direct line with South America. There are eight or ten direct lines of steamers running from New York to South American ports. You can ship freight there almost any day in the week by one or more lines, although they operate foreign steamers. The reason America has not as much trade with South America as some other countries is because we do not want their wheat and live stock. We do not want much of anything they produce except coffee. The steamer has got to bring a return cargo, and Europe is the buyer of the class of cargoes they produce.

Representative SPIGHT. You say there are eight or ten direct lines from New York to South America. We have had statements before the Commission to the effect that there were no direct lines, and that all shipments had to be by an indirect route.

Mr. WRIGHT. Here is the New York Journal of Commerce. It advertises several lines direct from New York to Montevideo, Buenos Ayres, and Rosario, River Plate, Rio Janeiro, and other Brazilian ports. There is the Houston Line from New York to Montevideo, Buenos Ayres, and Rosario, with 34 steamers for Brazil and River Plate; the Prince Line, a direct line from New York to Montevideo, Buenos Ayres, and Rosario, and others.

Representative MINOR. That is not an American line?

Mr. WRIGHT. They are not American lines.

Representative MINOR. That is the point we make here. We want American ships.

Mr. WRIGHT. The statement made here this morning was that a man could not ship direct.

Representative MINOR. That is true, according to the testimony.

Mr. WRIGHT. They take freight direct.

## BUSINESS MEN UNANIMOUS.

Representative MINOR. We have held hearings in Boston, New York, Philadelphia, Baltimore, Chicago, Detroit, Cleveland, and Milwaukee, and the testimony has been unanimous that that is the case. Two of the largest shippers of machinery in this country—the Allis-Chalmers Company and the Brown Hoisting Machinery Company—shipping their machinery all over the world, have told us the same story; they said that they suffer because of the fact that their machinery is handled by foreigners in a careless manner, and that they are not able to ship by vessels adapted to that sort of trade.

The CHAIRMAN. There is this other fact. It is my information that those ships are of a very inferior quality, and that they are slow and uncertain.

Representative MINOR. And that on account of the breakage they are subjected to it is absolutely impossible to build up a trade in that country. Mr. Barrett said the same thing in substance to us when he came before the Commission in Chicago. He said that he himself in coming from Buenos Ayres had to go to Liverpool to get to the United States.

Mr. WRIGHT. It was not necessary for him to do so. There is a direct line running from there. I am speaking of freight boats, not passenger boats. We import nothing from South America. When these steamers go from New York with freight that we sell to the South American people, they are forced to go back to Liverpool because England offers a market for products which we ourselves export, and consequently can not import from South America.

Representative MINOR. In talking with Secretary Wilson, the head of the Agricultural Department, he deeply deplored the fact that we do not have lines of our own to South America. He said there are great opportunities in South America to build up a trade for our products if we had direct communication.

Mr. WRIGHT. We have direct lines from New York.

Representative MINOR. We have not American lines.

Mr. WRIGHT. We can ship our freight as cheaply as any foreigner can ship it. Two of these lines were engaged in a rate war at one time, and they took freight from New York to Buenos Ayres as low as \$2.10 a ton.

## GREATEST OF IMPORTERS.

The CHAIRMAN. We import from South America coffee, hides, and other articles in large quantities. We import \$125,000,000 worth and pay the foreigners to carry it.

Mr. WRIGHT. I presume he carries it cheaper than we could carry it.

The CHAIRMAN. I am not sure about that. I do not know why he should.

Mr. WRIGHT. Periodical rate wars break out between those lines and they scrap for freight. You can get low bids for freight whenever you want them.

Representative HUMPHREY. Suppose a war broke out and the condition about withdrawing these vessels for transport service was imposed, what effect would it have on the freight rate?

Mr. WRIGHT. It would advance it.

Representative HUMPHREY. Would it have any different effect if we had American ships?

Mr. WRIGHT. We would not have to depend entirely on the foreigner for ships.

#### IN CASE OF WAR.

The CHAIRMAN. In other words, suppose there was at present a war between Russia and England, and England withdrew her freight ships for transport service, would we not be in a sad plight?

Mr. WRIGHT. The Germans, the French, and the Norwegians are increasing their marine. I think the business would be taken care of.

The CHAIRMAN. The small amount of shipping that England withdrew to carry on the Boer war made an enormous increase in our freight rates.

Mr. WRIGHT. Why should there not be periodical increases regardless of the nationality of ships?

Representative MINOR. I suppose you approve of the policy of building up the American Navy?

Mr. WRIGHT. I most certainly do.

Representative MINOR. I think that the last naval appropriation bill we passed carried \$90,000,000. We are building a good Navy, which requires a great number of men. If every American citizen will be better satisfied that every blue jacket is an American, where are you going to get them if you do not build up the merchant marine?

Mr. WRIGHT. I do not know. You will have to take the same steps that foreign nations take. You find about as many foreigners on British ships as on American ships.

Representative MINOR. Fortunately we are eliminating those men from the Navy. The percentage of foreign-born is much less than it was a few years ago. We would like to select them entirely from Americans if we could.

Mr. WRIGHT. You will have to deprive the American youth of the opportunities that present themselves to him on shore before you can get him to go to sea.

#### MAKE PROTECTION COMPLETE.

Representative MINOR. Can we not build up that interest as we have built up other interests, if we extend protection in some wise manner to it? I do not know just how it may be done, but there are several different ways whereby we can afford an incentive to the American boy to go to sea. It seems a little strange that this nation of ours, one of the strongest nations in the world, is one of the least when we consider it as a mercantile carrying power.

Mr. WRIGHT. That is due to the fact that there are more opportunities in the internal development of this country than on the sea.

Representative MINOR. That is true; we have gridironed this continent with steel rails; we have built railroads everywhere. Instead of six months being required to come from my home to Portland, as was once the case, we now come in about three days. And in doing this we have been compelled to pay higher wages. It would seem that there must be a limit to that development in this country, but if no limit is to be reached, we ought to provide a way for our boys to get to sea so as to open another field.

Mr. WRIGHT. They will go back very naturally, just as the Germans, Norwegians, and British did when they increased their shipping. These nations have had so little room on shore that they were crowded into the sea.

WHY NEGLECT THE SHIP?

Representative MINOR. When everyone in this country admits that through the system of protection to our American manufacturers, our producers, and our laboring men, we have built up the greatest manufacturing nation in the world, why is it that we should absolutely neglect the merchant marine engaged in foreign trade? If you have \$5,000,000 you can put it into a factory on land and you are protected against the cheap pauper labor of Europe. If you put it in ships and hoist the American flag, and launch them, and go out to find business, you come in competition with every nation under heaven that pays low wages. Now, is it wise to allow that one particular industry to suffer and to say we will not put any protection around you at all; you must take your chances with the world, when everything else we protect? Can we expect any different results under those circumstances than what we have on our hands right now?

Mr. WRIGHT. I do not think we can. As I said, it will not be done until our internal development reaches that stage where it forces us back to the sea by lack of opportunity on shore. I think it will come around itself, and it is coming around. We have plenty of American vessels that go foreign that are built right here at home, and when we will build the same class of vessels that foreigners build we seem to be able to make a pretty good stand-off with them.

Representative MINOR. Do you not believe that we can afford an inducement for capital to be invested in ships and thereby give opportunities to shipyards? I hope you may have a big one over here somewhere, either at Portland, Seattle, or Tacoma. In that case they will standardize our work. Now, if we get an order for a locomotive they will tell us what power they want, what size of wheels, and they build it; if they want a bridge and give us what they want for strength we can fill that order; but in the construction of ships they build a ship of one type to-day and lay the keel of a different one the next day. Therefore we do not standardize our work, and do not afford steady employment for the yards. A boiler screw may break in the port of San Francisco, and because the ship was built in Pennsylvania and there is no mate to it in the shipyard here, the owner will have to send at his own expense across the continent to replace it. If we could afford steady employment and standardize our work, do you not believe that we could compete with the foreigner in the construction of ships?

AN OPENING WEDGE.

Mr. WRIGHT. Yes; I think there is an opening wedge. For instance, right up at Seattle there is as fine a shipbuilding plant as there is anywhere in the United States. If you will permit Captain Amesbury, of Vancouver, B. C., to bring his German ship, that he has recently bought, over to the Moran yard and let him have an American registry, he will bring it over to-morrow and give Moran several thousand dollars' worth of work.

Representative MINOR. And some poor devil who was building a boiler, designing a class, would be knocked out of a job.

The CHAIRMAN. And Moran would be forever knocked out of the possibility of building an American ship.

Mr. WRIGHT. It would certainly go to build up a plant there.

The CHAIRMAN. And make a repair yard of it?

Mr. WRIGHT. The repair yards naturally drift into building yards.

The CHAIRMAN. As a matter of fact, do not British shipowners see that their ships are repaired in British yards?

Mr. WRIGHT. In this case it is an American who was forced to go under that flag. The owner of the ship is an American living in Vancouver.

The CHAIRMAN. But it is a foreign ship?

Mr. WRIGHT. It is a foreign ship.

The CHAIRMAN. You spoke about American ships engaged in the foreign trade. I suppose I am correct in saying there has not been a keel laid for an American ship for the foreign trade for two years. Am I not correct?

Mr. WRIGHT. Yes, if you mean exclusively for the foreign trade; I presume you are correct.

The CHAIRMAN. That is a pretty bad state of affairs.

Mr. WRIGHT. With freights at 21 shillings, I should say not. There are none exclusively in the foreign trade. Let the foreigners lose the money while these conditions are in existence.

The CHAIRMAN. But gentlemen tell us the foreigners are making very much money in shipping from this port.

Mr. WRIGHT. If any man can show where a shipowner can make money in the export trade at rates now in effect he can do better than most people directly engaged in the business. I guess the Globe Navigation Company, at Seattle, has not made any extensive amount of money out of the trade. They are about the largest American firm up here now doing business.

The CHAIRMAN. I will say the information I got was in conversation; it was not testimony; and it was to the effect that some of these lines are making 8 and 10 per cent.

#### THE POSTAL-AID LAW.

Mr. WRIGHT. If that is correct they are making pretty good profits on the rates they get.

The CHAIRMAN. Mr. Wright, have you given any thought to the possibility of increasing the merchant marine by amending or enlarging the act of 1891, with which you are probably familiar, which gives a postal subvention to steamship lines?

Mr. WRIGHT. I think that a postal subvention on established lines, where there is a trade with a prospect to increase it, is a good thing.

The CHAIRMAN. On lines to be established?

Mr. WRIGHT. I do not say on lines to be established. The traffic on all lines is originally established by the freighter, and, with the exception of France, which has started on a clumsy sort of subsidy measure, no country on earth pays the freighter. They alone pay a subsidy to the freighter. Take, for instance, the trade of Great Britain in the Indies. The nucleus of that trade was formed over a hundred years ago. The freighters established that trade. When it reached



proportions sufficient to bring the liners the British Government began paying subventions on mail and Government business carried.

Now, in the North Pacific, as I said to Mr. Humphrey, the line up at Seattle will probably pay after the business is developed. He spoke about coming into competition with British steamers on the north, the line which the Canadian Pacific runs between Vancouver and the Orient. Those steamers come in but very slight competition with the American freight lines, for the reason that they are exclusively passenger and naval reserve steamers. The business of the British Government in transporting troops and stores across to their Asiatic squadron practically runs those steamers, and they pay for that service in the way of subsidy. So they are really not in competition with these American steamers. The combined carrying capacity of one of these British steamers for the entire year is not equal to one of the steamers of the Boston Tow-Boat Company for a single trip.

#### STEAMSHIP OWNERS THINK DIFFERENTLY.

Representative HUMPHREY. You take a very different view of that sort of a British steamer from the people in Seattle. They think that those steamers are direct competitors.

Mr. WRIGHT. I am only taking my view on what the steamers can carry. They are not freight carriers, and your lines from Seattle are mostly freight carriers.

The CHAIRMAN. Did you read the testimony of Mr. James J. Hill before the Commission at New York?

Mr. WRIGHT. Yes, sir.

The CHAIRMAN. In reference to the building of two steamers at New London, Conn.?

Mr. WRIGHT. Yes, sir.

The CHAIRMAN. He very strongly intimated that had he known how much it would cost he would not have had them built.

Mr. WRIGHT. Yes.

The CHAIRMAN. If those steamers, as suggested, or at least intimated, cost, we will say, thirty per cent more than they would have cost on the Clyde, do you think that he can operate them in competition with a subsidized British line at a profit?

Mr. WRIGHT. I do not think he can operate them anywhere on earth at a profit at this time, for they are not built in such a way that they can be operated at a profit. The lines that are now handling his business, the American steamers that are already engaged, the *Tremont*, the *Shawmut*, the *Lyra*, and vessels of that class, can handle Mr. Hill's business for a great deal less money than he can handle it with the big steamers he has built. They are too big for the trade.

The CHAIRMAN. The fact remains that whether of the type he built or any other type they cost a great deal more to build here, and will cost more to operate according to all the testimony this Commission has had. Hence he is handicapped in the matter of competition with foreign steamships. Of course, if he wishes to run them in connection with his railroad and let the railroad pay for the loss on the steamship line, that is his business.

We are very much obliged to you, Mr. Wright.

## STATEMENT OF S. C. SPENCER.

S. C. Spencer appeared.

The CHAIRMAN. Mr. Spencer, are you familiar with the inquiry this Commission is engaged in?

Mr. SPENCER. Somewhat.

The CHAIRMAN. The Commission will be pleased to have you make any suggestions to it that you feel disposed to present.

Mr. SPENCER. Mr. Chairman and gentlemen of the Commission, I have felt somewhat moved by some of the things I have heard and read since you came to the city. I have not attended the hearings of the Commission; I do not know what testimony you have taken; and I may, in a sense, repeat some things you have already heard. I will make my remarks very brief.

I feel like saying something in regard to one matter. I do not know whether this is the proper place to say it or not, but it ought to be said to you. I believe we had a little appropriation in which we felt a good deal of interest out here, in this neck of the woods, if I might use that expression. I do not know in detail what each one of you gentlemen did in that regard, but I know that some of you rendered us most valuable assistance and aid, and we certainly are very thankful and very grateful to you for that assistance in our time of need. If it had not been for such work as you did, of course we would not have had any appropriation. I certainly am voicing the sentiment of this community and of the Northwest when I most heartily thank you for it.

## FOREIGN INFLUENCES DOMINANT.

I suppose in a discussion of this kind or in testimony of this sort it is just as well to be plain. I do not want to antagonize anybody unnecessarily, but I have felt that there was a sense in which you, gentlemen, might have been treated just a little better, and I will give you one reason for it. I say that any antagonism you have met does not come, in my judgment, from the great body of the people here. I believe it is true that we have not an American shipowner in this port. I have nothing to say against the owners who are in port of any other nationality; that would not be right; but it may in a way account for some things that have been said and some things probably that have been written.

Naturally, of course, they say there is no money in the shipping business, but with the tenacity with which our brethren of other nations hold on to it I imagine there must be at least some sentiment if no money in it, and that will account for anything that you might think was not just as nice and courteous as it might be. That influence, I want to say to you, gentlemen, is strong in this city. It has its following naturally, and it has gathered together a good deal of information, so-called, and puts it here and submits it to you.

## SPEAKING FOR THE AMERICANS.

But I want to speak, if I may, for the Americans, as I view their interests in this matter. I believe the statistics will show that we export something like \$5,000,000 worth of products a day. That is a good deal of money. That runs into an immense amount of money cer-

tainly in a few years. I believe the statistics will further show that not over 8 per cent of that is carried in American bottoms.

Now, that certainly is a sad state of affairs from the view point of an American citizen; and it has been touched upon even while I sat here now and listened. Suppose there was a war in which England and Germany were involved and they would call in all of their men who went down to sea and were acquainted with the life of seamen, I do not know what would become of our \$5,000,000 worth of products per day that we would desire to export. It certainly would not take a war of any great length of time for every farmhouse and every warehouse and every place of storage to be filled with our exports that we would be aching to have exported. I am not going into details. I want to just touch upon these things. Anybody could talk for an hour upon the one subject as to what the disastrous results would be.

Gentlemen talk about this aid being in the interest of a few ship-owners. It seems to me it is in the interest of every American citizen.

Somebody spoke about a couple of men interested—and when you say a couple there are a number of people interested in it—and that when you come to the ship subsidy business only the shipowner is interested in it. Everyone knows that a man digs more coal than he can burn. It is not only his interest that is involved, but it is the interest of the whole community. You can not separate these things. You can not have one man prosperous and everybody else in poverty. These things go in waves; they go in combinations.

As I said, in the event of a war of that kind all the ships that carry our produce would be withdrawn. That is one thought that I just wanted to suggest.

#### EVEN THE BOER WAR HURT US.

It has been suggested while I sat here that even in the Boer war the effect on freight rates was felt. I was not so certain of the figures. I knew the advance upon our freight was heavy as to wheat. I believe it has been stated here that it was 25 cents a bushel that they advanced freight on wheat. Now, that comes out of somebody besides any ship owner or anything of that kind. It comes out of our people. It comes out of all our people who make our country what it is. That is just a very small test of what the effect might be in a large war with other nations.

Of course some people pooh-pooh sentiment, so-called sentiment. Another thing appeals to me. If it is sentiment, it is one of the best things in the world; I do not care whether you call it sentiment or patriotism or what you want to call it.

But some one suggested here this afternoon a thing I have thought on deeply. In the event of a war of our own where would we get our men to man our Navy. I believe we would be justifiable in expending any reasonable amount of money to build up our merchant marine. It is not a mere sentiment, as it is sometimes called (I mean when you give that word its bad meaning, as some people give it), to say that every American citizen wants every man who is on board our battle ships to be an American citizen and not a foreigner. That one thing ought to settle this question in my mind. I do not care to go into much detail about that.

I have heard it stated upon the best authority, and I believe it,

whether I had always heard it or not, if our Navy that went to war in the Spanish-American war had been materially crippled or wiped off the sea by any unforeseen circumstance, it would have been an utter physical impossibility for us to have manned another Navy. We have not any men for the purpose.

#### A GREAT NATION ON THE SEA.

Now, it does seem to me that it behooves us at least to think about this, at least to treat it as a serious matter when it comes to such a case as that. We claim that we are the greatest nation on earth. I believe it, and I want to tell you that you can not be a great nation on land unless you are a great nation on sea. We have got to have the men who know how to live upon the sea and to man our battle ships if we ever get into a war, and no one can tell how soon we may be plunged into war.

I have thought of another thing. I have some little business that I attend to myself and I get engrossed in it, but I should like to get away now and then. If I had not been so engrossed I might know how to present more intelligently this matter to you. I do not know that anyone has an idea how much we ought to spend in the way of a subsidy. I do not know what the view is upon that point, or whether there is any well-defined view on it. I do not know anything about it, but I make this statement purely for the purpose of illustration. Suppose we spend \$25,000,000 a year in subsidizing our merchant marine. That \$25,000,000 would stay here in the United States.

#### AGREES WITH LINCOLN.

I never forget what that great commoner, one of the greatest men on earth, Abraham Lincoln, said about the tariff. He said he did not know much about it, but he knew when we paid England—I may not quote the figures correctly, but I state the principle—when we paid England \$20 for a ton of steel in any manufactured product we had the steel and England had our \$20; but when we paid \$20 for a ton of manufactured steel to some man who lives in the United States we had both the money and the steel. Now that is the whole argument. If you paid out \$25,000,000 for subsidies we would have it in America anyway. I believe the statistics show that we pay something like \$175,000,000 a year for our carrying to foreign nations.

The CHAIRMAN. And the imports.

Mr. SPENCER. Yes, I mean the carrying both ways.

The CHAIRMAN. From \$175,000,000 to \$200,000,000.

Mr. SPENCER. Something like that. If we spent \$25,000,000 a year, and by spending that amount of money we could save \$175,000,000 or \$200,000,000, whatever it is, it certainly would be a good investment and nobody could complain about it. Instead of spending the \$175,000,000 or \$200,000,000 which went abroad, it would be here in the United States, and that would help all others. People who get money do not lock it up. It gets into circulation and we all have a chance at it. When it goes to England or Germany we do not have much chance at it. If we spent that \$25,000,000 and saved \$175,000,000 we would be \$150,000,000 ahead anyway, and we would be spending the \$25,000,000 a year among our own people.

## THE LAKES AS AN EXAMPLE.

It does seem to me, gentlemen of the Commission, Senators and Representatives, that we have in our shipping upon the Great Lakes an absolute argument which can not be gainsaid, which can not be talked around, which can not be juggled with. No foreigner can enter into that trade. It is absolutely protected now, and we carry upon the Great Lakes freight as cheaply as it is carried any place on this earth.

The CHAIRMAN. Cheaper.

Mr. SPENCER. I tell you the men get American wages and they do not get the wages of a Jap or a Chinaman—of any foreigner. They get American wages. Those men who live there upon those ships in that lake trade—you who have lived there know more about it than I do—live as well, probably, as any men in this room.

Representative MINOR. That is true.

Mr. SPENCER. That is all there is to that. It does not cost any more. It is the same old story we fought out here for years and years about getting things where you can get them cheapest. There is nothing new about the argument against a subsidy. I say any man who will study the Great Lake shipping question will have no trouble in coming to the conclusion, if he goes at it honestly, that if we got this trade established and in the hands of Americans, with American intellect and American vigor and American practical sense, we would carry just as cheaply as any other nation. There is no question but that we could compete with any other nation.

I do not want to say anything I ought not to say, but I saw something somewhere that I do not know was charged to this Commission, but it was to the effect that somebody had exploited about everything there was on the land and they wanted to go out and exploit the seas of the earth. Now that exploiting they talk about, gentlemen, it seems to me is one of the grandest things in American history. Of course we do not all agree upon it, but I believe in it; and I want to say that if that exploitation, as they call it, has worked well on land let us extend it to the sea and have the same doctrines there that we have here on land. There can not be any trouble about that, and we can take our chances on it.

## AN OLD, OLD STORY.

There is not, to my mind, a single argument that has been suggested here which can be urged against subsidizing our merchant marine in some way that has not been urged against tin plate and steel rails and wire nails, and the carpet we stand upon and the chairs and everything around us in this building. If we had followed out the doctrine of buying where we could buy the cheapest, of getting what we could where we could get it the cheapest, and eliminated the doctrine of protection (and that is all in the world this subsidy is) what kind of a country would we have been as compared with the country we are now?

One of the saddest things to me, and has been for years, is the fact that we have not got the merchant marine we ought to have. We know how other countries have done it. They have done it along the same lines it is proposed to do it now in this country, and there should not be any false sentimentality about it. It is not for the interest of the shipowners, as has been said here before. It is for the interest of

the man who fells trees; it is for the interest of the man who digs the coal; it is for the interest of the man who runs the grocery; it is for the interest of the whole community. You can not have shipowners and a shipyard here or in San Francisco or Seattle without having workmen who will get American wages. They will all pay American prices for American products. It reaches out into every avenue of life. We need it and we want it.

#### AMERICAN OR FOREIGN SHIPS?

Of course you know we are apt to get interested in our own little part of the country and feel that it is the greatest place in the world. I do. I like Portland. I love the State. I love the country. I love the mountains. I love even the climate; even the rains. It is all good to me. I think we have one of the nicest cities in the world. Here we are on the Pacific, and here is the great trade of the Orient about to be opened up to us. Do we want to have it carried in ships that, as is said, can carry it cheapest? Do we want the Germans and English and Japs and Norwegians and all those people to carry it? No; we want Americans to carry it. We want that trade to be exploited as we have exploited all these other things. It seems to me that every man in Portland who is a true American citizen ought to be imbued with that idea and that doctrine. I feel that this coast here has a great future, and nothing can add to that future as much as building up our merchant marine.

#### STATEMENT OF B. I. COHEN.

B. I. Cohen appeared.

The CHAIRMAN. Mr. Cohen, will you state to the Commission the line of business you are engaged in?

Mr. COHEN. I am an officer of one of the trust companies here—not one of the trusts, but a trust company.

The CHAIRMAN. We shall be pleased to hear from you.

Mr. COHEN. Mr. Chairman and gentlemen of the Commission, I am inclined to think that the American people in general are opposed to subsidies, but I think they are opposed to the name of the thing rather than the reality. I think subsidies are suffering because the word "subsidy" has a bad sound to the average American. When the average man hears the word "subsidy" he thinks it means a gift, or a giving of something for nothing, or an absence of value received. Moreover, he thinks that the giving of a subsidy means the aiding of a favored few at the expense of the many.

I may recall the fact that about two years ago the institution over which I preside happened to be a large stockholder in the Pennsylvania Railroad Company. I was discussing this question with a gentleman who is very well versed in it, and he said, "Mr. Cohen, if the Frye-Hanna bill passes it means a wonderful help to the Pennsylvania Railroad Company." I said, "Notwithstanding the fact that we are stockholders in that company, I am opposed to that particular bill. I do not think they are going about it in the right way." As long as that idea prevails there will be opposition to a ship subsidy. But we must remember that the United States is distinctly a protectionist country. The man who makes wooden nutmegs in Connecticut wants

the product of German industry shut out. The man who manufactures cast iron in Alabama does not wish the product of foreign furnaces to close those in Birmingham. We are all protectionists. We may call ourselves Democrats or Republicans or anything else, but we are all protectionists in the last analysis; we want to protect our own.

Now, one of the corollaries of the wide prevalence of the protection doctrine is that the American people are willing to pay a fair, even a liberal price for anything they want. I do not think there can be any question that every American, native born or naturalized, wants to see our mercantile marine increased.

#### FOR OCEAN MAIL SUBVENTIONS.

The question how to increase it, it would seem to me, would naturally divide itself into three branches. In the first place, there is the matter of mail and passenger lines. It would appear that if the Government paid a liberal price for carrying the mails upon American lines scarcely a handful of voters could be found to oppose it. That would be a subsidy, but it is not a gift. You get value received, but pay well for it; pay more than it is worth, if you please, and let us have the American flag floating over American mails and American females who go as passengers.

Then, in addition to that, let us lay down a provision that the crews of those vessels should be incorporated into a naval reserve, and the ships built should be suitable to be turned into auxiliary cruisers.

I have spent several years of my life in studying sea power, but more from the naval point of view, and I regard it, as Mr. Spencer more ably said, as a most lamentable fact that to-day we have absolutely no means of replenishing our Navy. To-day if a single one of our battle ships sank in the water they would have to run all over the land to find men to put in the new ship built in its place. That is a scandalous condition of affairs.

#### FREE SHIPS MODIFIED.

In addition to that, while I do not believe in free ships as commonly expressed, I think that a modified form of freedom of entrance of foreign ships might work well in this country. I think the experiment has already been tried in those ships, the *City of Paris* and the *City of New York*, where permission was given to a shipowner who wished to buy a foreign ship, "Yes, you may buy the foreign ship and bring it in duty free provided you also build its mate in an American shipyard."

I personally can see no objection to that policy. It seems to me that it would work well, because I believe if we once start our shipyards to building ships and standardize the ship, as has been well said, the same ingenuity that has made the American locomotive the fast carrier of land transportation would soon make the American ship the fast carrier of ocean transportation.

As you gentlemen know, we ship to-day American locomotives to all parts of the world, and I believe American ingenuity, American machinery, and American inventive talent, when the business became large, would soon develop a shipbuilding industry that would take

care of itself. From that point of view I do not believe the subsidy would have to be perpetual.

But after all, the matter of mail and passenger carrying lines is one of minor importance. The great thing that we want is the mixed freight carrier. As you all know, the United States does not send such a great number of tourists to Europe. Passenger travel does not reach itself out over many lines to Europe, as we ship our wheat, corn, cotton, and our manufactured goods of all classes; and we want American ships to carry American locomotives on their decks, and American wheat, cotton, wool, etc., in their holds.

#### A DISCRIMINATING DUTY.

Now, the question is how to get that. If you undertake to pay a subsidy in the bad sense of the word, a gift to a man who builds a ship; if you say to a man, if you build a ship to cost \$400,000, we will give you \$50,000 to put in your pockets, our people will say that is not the right thing to do.

But why not go back to the old and well-tried American policy of giving a discriminating duty to American ships bringing goods from foreign countries to the United States? I am perfectly willing to admit that it will be a difficult thing to bring about, and I am perfectly willing to admit that the abrogation or the modification of the different commercial treaties will be difficult. But what is difficult is not impossible, and it can be done. We know there was a time when American sails whitened every ocean on the globe, and it was the day in which the American ship brought in goods, I think, for 10 per cent less than the foreigner.

Nor is this policy new and untried among other nations. I am sorry I can not quote the exact date from memory, but a good many years ago a very celebrated English prime minister was having some trouble with Falke, the Holland statesman, in regard to ships, and he sent to the English minister or ambassador in Holland the following dispatch, which is perhaps the only dispatch in rhyme that adorns the annals of diplomacy:

In matters of commerce the fault of the Dutch  
Is giving too little and asking too much;  
With equal advantage the French are content,  
So we'll clap on Dutch bottoms twenty per cent.

Twenty per cent, twenty per cent,  
Nous frapperons Falke with twenty per cent.

#### A LEAF OUT OF DUTCH PRACTICE.

Now, that is just exactly what I am advocating. In that case Great Britain saw fit to charge the Dutch 20 per cent extra. I should like to see the American ships charged 10 per cent less, or whatever amount experience would serve to indicate. If this were done, it seems to me that it could be done just as the subvention for carrying the mails should be paid, not with the idea of perpetuity.

Now, I am a strong protectionist. I used to be a Democrat. Before I reformed I was a Democrat, but I was a Randall Democrat, which means a protectionist. After I reformed and became a Republican I was more of a protectionist than ever. But I do not think there is anything sacred about the tariff. If it is worth to-day a duty we will



say of 20 per cent to make American tin, and American tin gets so that we can get along with a duty of 5 per cent, I say reduce the duty. In other words, let protection be the essence, but common sense the solid meat of the tariff.

Looking at it from that point of view, I can see no objection whatever to paying in money for the building up of our passenger and mail lines and the increase of our Naval Reserves, and the installation of a fleet of auxiliary cruisers, and I can see no objection to paying in rebates for building up a large extensive fleet of freight carriers.

I thank you, gentlemen.

#### WHAT IS THE DIFFERENCE?

The CHAIRMAN. Mr. Cohen, I wish to make just one suggestion.

You called attention to the fact that the word "subsidy" has an unpleasant sound to the American people. I am not arguing in favor of a subsidy, because I am not committed at all to it, but is there any difference in fact between taking an amount of money out of the Treasury and paying it to the shipping interests or halting the money before it reaches the Treasury and rebating it?

Mr. COHEN. There is one very important difference, if you will pardon me. I am glad you asked that question. When you take a sum of money out of the Treasury it is given to one individual. I am not so familiar with Eastern names as I used to be. Harlan & Hollingsworth, for example, build a ship and take \$50,000 out of the Treasury. When they build that ship they get it, and Moran Brothers, of Seattle, for example, who are not so fortunate as to obtain an order, do not get anything. On the other hand, if you grant a rebate for bringing goods in an American ship everybody could get that. We have going out of this port certain little lumber droghers, as we call them. They are American ships. Those lumber droghers go to one place or another. Some of them are perhaps now on the way to Hongkong. Suppose the drogher goes to Hongkong. It may cost a man from thirty to forty thousand dollars to build it. It goes to Hongkong with a cargo of lumber and comes back with a lot of Chinese matting and gets a rebate. At the same time James J. Hill's 20,000-ton steamer goes with a cargo and comes back with a cargo. Both are treated alike. I believe that we would popularize the rebate system. Every man who had money to put into a ship could build a ship and be sure that he would get a share of the rebate. I think there is a very material difference between stopping the money before it gets into the Treasury and taking it out after it gets there.

#### TWO POLICIES UNITED.

Representative SPIGHT. Mr. Cohen, if I understand your position, you are favorable to a combination of two policies—payment for carrying the mails, call it whatever you please, and also the discriminating-duty policy. You would like to see the two united as the policy of this Government?

Mr. COHEN. I should like to see them united just in this way. If I work in a lumber camp and buy a pair of brogans for \$2.50 I am satisfied, because that is all I want to use them for. On the other hand, if I want to attend a ball and buy a pair of patent-leather pumps I

pay \$6.50, because I want to have shoes adapted for that purpose. Therefore, I say give the rebate to all American ships which bring in goods, ships that are built and run by men governed by mixed motives of patriotism and business, because patriotism will figure in this matter. You, gentlemen, can not get away from it. If anybody thinks patriotism is dead in the American heart, I should like to tell one little incident. Early in the Spanish war I was going east from Portland, and all the flags were flying here. When I passed through Spokane and other places the flags were flying. Presently I got into the Bad Lands of Wyoming, and there floating over a miserable little cabin that was not worth \$20 I saw a 3-cent calico flag, and I declare I thought that was the finest I saw on the whole trip, better than the largest silk flag in New York City. Patriotism is universal in character, no North, no South, no East, no West—all American.

Representative SPIGHT. That little 3-cent flag represented your country?

PROTECTOR FOR ALL.

Mr. COHEN. It did, and I was proud of it. If we want something better than the lumber drogher or something better than the wheat carrier, if we want something American that Americans may travel in and have American mail transportation in, and if we want to have an American naval reserve built up, I think they ought to be paid something extra, and that extra should be given in the shape of a liberal compensation for what they do. We carry that principle throughout our whole country. The American soldier gets better pay than the German soldier. The American farmer does not grudge him his pay. The American sailor, the American marine, gets better pay. We do not grudge it. My institution is a heavy taxpayer. Do you suppose for one minute that I grudge what is paid out for the Navy? On the contrary, I urged every member of Congress I could to vote for a large Navy. So I would ask every member of Congress I could to vote for a subsidy, if you choose to use that word, but give it in such a way that no injustice shall be worked.

That is all I have to say, gentlemen.

Representative MINOR. You have said it well.

#### STATEMENT OF GEORGE TAYLOR.

The CHAIRMAN. Mr. Taylor, the Commission will be pleased to hear from you any expression on the subject we have in hand that you may wish to make.

Mr. TAYLOR. Senator Gallinger and gentlemen, it has given me very great pleasure and satisfaction to meet you gentlemen here and to show you a little bit of the commerce of our port.

I come before this board with a great deal of diffidence because this matter to me is one of very great importance, and I do not know that I can add very much to what has been said.

In the first place, if this were a judicial inquiry or anything like that I should rise to a question of privilege and wish to explain a little personal matter that occurred here, as to which I most strenuously and positively object in the strongest way that I can, and that is the remark Mr. Richardson made, that some people of Portland are not interested in and do not care for an American mercantile marine. I want to object

to that, and I want to remove any impression from the minds of the Commission that there is any such feeling. Simply because we happened to be foreign born and are in the shipping business, Mr. Richardson, who is a brand new comer, who has been here only two or three weeks, comes in and says that the shipping community does not care for the American mercantile marine. I say it is not true; and I wish that to go, in the first place, as a matter of record; because we wish you gentlemen to understand that while we are not shipowners here, as Mr. Burns said, at the same time we take a very great interest in the merchant marine of the United States. Excuse my heat, but it makes me a little tired to have somebody come in and accuse us of things when it is not the case at all.

#### NO IMITATION OF FRENCH POLICY.

As I understand, the Commission are gathering facts relating to this subject, and I do not know that I can say anything very much more than what was said this morning. It was a subject of a good deal of satisfaction to me to hear the Senator say that there was very little chance of any such subsidy as the French business. We have probably seen that to a greater extent here than at any other port on the Pacific coast, and consequently of the United States, I might say. They commenced first here and then afterwards they began to go to the Sound, and the ships came all around the world, as it was explained, a great many times in ballast. They simply left the European ports, and they would put, say, 1,500 tons of ballast aboard and then they would call at Cherbourg or Havre or some French port for a few hours or a day and spend a very few hundred francs in fitting out. Then they would go away around the world by the Cape of Good Hope and report always at Hobart Town or some way-off place in Tasmania or New Zealand, or something like that, to establish the distance.

Another thing. It has been said that they made a subsidy for the sake of providing men for their navy. If the subsidy is going to provide men for the navy like the specimens shown on some of those French ships, the Lord help the American Navy. The men in the American Navy are pretty good now, and they do not want to get any such scrubs as we see on the French ships.

Another thing has been stated in that regard. How are we going to get the men? How did you get the men in the Spanish war? There has never been anything shown, Senator Gallinger, in modern times like the case when the Army of the United States was run up from 25,000 men to 250,000 thoroughly equipped for fighting and everything else in thirty days; and they are going to get the men in the same way when it comes to the Navy.

#### SAILORS AND SOLDIERS.

Representative MINOR. Do you think we can get men for the Navy as quickly as we can get soldiers?

Mr. TAYLOR. Yes, sir.

Representative MINOR. Do you not think it requires a longer period of drilling and training to make good naval men than soldiers?

Mr. TAYLOR. No, sir.

Representative MINOR. I was a pretty good soldier.

Mr. TAYLOR. And a good sailor, too.

Representative MINOR. I became a pretty good soldier in three months, and it took me five years to become a sailor.

Mr. TAYLOR. I mean just a marine, not an absolute sailor. I do not know how the service is going to be improved, but I am a good deal in favor of the German system—I may be wrong, but that is my opinion—because we have seen that grow. It seems to me that when they commenced they had very few shipyards—indeed, as the Senator has stated, they had no yards to speak of. I do not suppose there are any finer yards anywhere to-day than at Stettin and some of those places where those splendid steamers are built. Some of the German ships that have come here—I could give you the names if it would be of any interest—are as fine specimens of marine architecture as we see anywhere. If they can build that up by taking in free ships, it seems to me that it is a pretty good plan to look into and to follow.

I heard Mr. Tucker's remarks. The idea had not occurred to me of buying foreign ships and paying the duty on them just the same as on any other goods imported. I have not had time to think of that. I think it is a plan that is well worth studying.

#### FOR FREE SHIPS AND MAIL SUBVENTIONS.

I believe in the free ship—to buy the ships where they can be bought—and in a mail subvention to liners. I mean by liners, established lines—lines that have a business and that are running on a business. I do not mean if some man says he will put two or three boats on for a certain place he shall be paid for it. They ought to go, in my opinion, up to a certain record. The boats ought to be up to a certain speed, and so built that they can be turned over to the Government at a fixed price, or at an arbitration price, or something like that, in time of need, and consequently the Government will not take those kind of ships unless they are up to the requirements.

Now, as regards the foreign trade from here. To branch off a little, if I may digress, on Saturday afternoon when you gentlemen did us the honor to go out on the river, within a radius of half a mile between the bridges there were four American vessels loading foreign—the *Pleiades*, a steamer with about 2,300,000 to 2,400,000 feet of lumber; the *Eldorado* was in the stream; the *Lahaina* was loading; the *Commerce* had just commenced to load. They were all going foreign out of this coastwise fleet, and all these vessels were built on the coast. When busy and working they do not always have the flag flying. Take the freighters, and they have not time to show a flag. It was stated that Mr. Barrett said he did not see the American flag abroad. I understand that when he was in Shanghai the harbor was pretty well filled up with American ships; but they are all busy, and they do not have time to show the flag, and a man can not always tell the difference. The *Lahaina* is going foreign. Another American vessel—I am now talking strictly of American vessels—has just arrived in the river with pretty nearly a full load of sulphur from Japan. All these are coastwise-built American vessels.

The CHAIRMAN. Coastwise built?

Mr. TAYLOR. Yes, sir; coastwise built. They are as fine a set of vessels of their kind as ever floated. You will learn more of their business, gentlemen, when you get to San Francisco. They are mostly

owned there; but they are a credit to any owner, I do not care who they are, whether they are Americans, or British, or anybody else. And they do not pay a cent more to run than the other ships pay. When on a foreign voyage they pay the port wages. It is not the flag that governs in any instance the wages. In the old days we used to have a good many American ships here, and I had the honor of being the agent of them, as my father was in Liverpool a broker for American ships. There is no difference except in the few officers. As you say, of course, if they are willing to pay more, and all that, it is all right. I do not see that there should be very much difference. The crew are exactly the same.

The CHAIRMAN. Under the laws of the United States, of course they are obliged to have American officers.

#### MUST HAVE AMERICAN OFFICERS.

Mr. TAYLOR. Oh, certainly, sir; they must have American officers, by all means. Further, I say that these liners—any steamers that are built subject to the subsidy—ought to be built in the United States. When it comes to getting a full American crew I doubt if you can do it, because there is hardly any ship that is sailing that can get an absolutely American crew. I presume you mean by that an American-born crew.

Representative MINOR. And naturalized.

The CHAIRMAN. And naturalized.

Mr. TAYLOR. They are pretty nearly all naturalized.

Representative MINOR. What would you think of the idea of requiring one-third of the crew to be Americans at the end of three years and two thirds at the end of the next three years, and so on until we Americanize the whole crew of the subsidized mail liners?

Mr. TAYLOR. I think that would be a pretty good idea.

Another thing possibly may be new to some of you gentlemen. I have been agent for a good many British vessels coming in here, and you would be surprised to learn the number of men, masters, chief officers, and even down to the second officer, who are American citizens, who have taken out their papers and are just watching for something like this plan. They are good men. You can not tell me that the other men are any better. All of you, gentlemen, are familiar with the certificate or ticket for extra master. Lots of them have that. All the chief officers have a master's certificate and a great many of those men have American papers.

#### THE POSTAL-AID LAW.

The CHAIRMAN. Mr. Taylor, the statute of 1891, providing for mail contracts, and under which I think we are paying nearly \$1,000,000 a year at the present time, contains the following provision:

"That the vessels employed in the mail service under the provisions of this act shall be American-built steamships, owned and officered by American citizens, in conformity with the existing laws, or so owned and officered and registered according to law, and upon each departure from the United States the following proportion of the crew shall be citizens of the United States, to wit: During the first two years of such contract for carrying the mails, one-fourth thereof; during the

next three succeeding years, one-third thereof; and during the remaining time of the continuance of such contract at least one-half thereof."

That is the existing law for the steamship lines that are now receiving what I am pleased to call a postal subvention.

Mr. TAYLOR. Of course that is probably a detail that men more conversant with the subject than I am could tell about, but I think something of that nature should be done, and that it can be done.

Now, in the coasting business between here and California, of which I have spoken and which is such a very large business, I think you will find that the bulk of those men are mostly young, healthy, strong Norwegians and Swedes, a fine class of men when they come ashore. They are good men and good men to work and they make as good citizens as it is possible to find. You will find that most of those men are citizens, except perhaps the very newly arrived ones. But I do not see exactly why the cost of operation should be more except in the case of the few officers.

#### THE FOOD SCHEDULE.

Representative MINOR. Is not the food schedule a little more costly?

Mr. TAYLOR. No, sir; not at all. Congress provides a schedule, as I understand it, for American ships. In England Parliament or the board of trade—of course it is the same thing—provides the schedule. In a great many cases the ships may break away from the schedule on agreement, both in the American ships and in the British ships, and American masters and British masters have told me they do break away.

The CHAIRMAN. The American masters are not allowed to do so by law, I think.

Mr. TAYLOR. Mr. Marvin will probably know that that is the case. Secretary MARVIN. They do.

Mr. TAYLOR. And when that is the case they usually feed them better. Then there will be a kick from the old sailors, and the captain will say, "All right, boys: go back to the schedule." They do not like it a bit. But the two systems are practically the same. I can give you, if it is any object, the charges of the port here, and I can assure you that except in certain instances the charges for provisions here are as cheap as any place on the Pacific coast, or, as I understand it, on the Atlantic, except in certain cases, of course. I do not think there is very much difference in the cost of the provisioning.

The CHAIRMAN. In the matter of the food schedule we have had a good many seamen before the Commission, and I think the testimony has been that the British schedule was substantially as good as ours, but that the Norwegian and French and German was somewhat inferior. I think that has been the testimony of men who had sailed in ships of different nationalities.

Mr. TAYLOR. I could not state any facts on that point, Senator, but I am inclined to think that is correct from what I have seen of the ships.

Representative SPIGHT. Mr. Taylor, I do not believe I understood you exactly in your advocacy of what is known as the mail subvention. Do you favor giving it to established lines or for the purpose of establishing new lines?

TO ESTABLISH REGULAR LINES.

Mr. TAYLOR. My idea is that it should be given to established lines or possibly to lines that would guarantee a certain speed and a certain regularity of service, provided that they had had some trial of that. I am not in favor of giving it to any line that simply goes into business for the sake of getting the subsidy, because from what I have observed and from what I have seen I do not believe that they can ever keep up a line like that unless there is some other freight besides. The Brazilian line, the Allianca, the Vigilancia, and those steamers a few years ago tried to work just on getting a subsidy. They did not seem to have any trade that they could make. We have had the same thing here in trying to run a steamer to Alaska once or twice. It has gone along and people have made subscriptions. Of course this is in a small way, but it is a home incident. They have made subscriptions, and they would agree to pay the cost to overcome the difference of the handling and in the distance from Puget Sound. It always died a natural death because they could not work the trade with it. The merchants have to work with the steamships.

Representative SPIGHT. Do you think, then, there would be danger that when these new lines went into business for a subsidy when the subsidy was withdrawn the ships would be withdrawn also?

Mr. TAYLOR. I am afraid so, sir. It seems to have been the past experience that unless they have a trade, either passenger or freight, the subsidy will not sustain the line entirely.

Representative SPIGHT. You seem to have given a good deal of study to this question. Have you thought about the policy that was spoken of a while ago, especially by Mr. Cohen, of discriminating duties?

Mr. TAYLOR. I did not hear Mr. Cohen's remarks.

Representative SPIGHT. What do you think of a policy of lower rates of duty when foreign goods are shipped in American vessels than when shipped in foreign vessels?

FEARFUL OF RETALIATION.

Mr. TAYLOR. I am afraid it would incur so much retaliation from the other countries that it would perhaps more than offset the advantage. I have not thought of it very much, but that is the way it occurs to me.

Representative SPIGHT. Suppose it should be made to apply only to the indirect trade? That is, if a British ship should bring German or French products they would be subject to this discriminating duty, but if they were to bring their own products they would not be subject to it.

Mr. TAYLOR. I do not know, sir. That is getting into a large question that I have not studied.

Representative SPIGHT. You have not thought of that?

Mr. TAYLOR. I have not thought of that particularly. I do not know just how that would work.

The CHAIRMAN. This statute of 1891, which I trust you will glance at, if you have not already done so, you will find to be very carefully guarded. The speed of the ships is stated, the character of the ships, and the subvention goes to the lowest responsible bidder. In every respect it seems to be very carefully guarded so far as the interests of the United States is concerned.

## THE GERMAN POLICY.

Mr. TAYLOR. I think that something of that kind should be done. I have had the opportunity of seeing a good deal of this German business, because during my experience here we have had a great many German ships consigned to us. We have chartered them, and a great many of them were formerly British vessels. The Germans had bought them. We do not have many German steamers now except this chartered line of the Portland and Asiatic, which are all German steamers of the Hamburg-American Line. They come out here. But it seems to me, from my conversation with German captains, both on the sailing ships and the steamers, that after they began to allow the free purchase of ships in the open market there was a wonderful increase in their shipbuilding yards. First, it began with the repairs, and then it went along. When a yard gets to doing thoroughly good repairs it is a very small step for it to go to shipbuilding. It seems to have made a great increase in that country. Of course, we all know that the *Kaiser Wilhelm* and the other German ships are about as fine ships as there are afloat; and they were all built, I may say, in German yards, in the Elbe and at Stettin.

I am not in favor of giving a mail subvention, as you call it, Senator, to freighters. They ought to be up to a certain standard, because, except for colliers or anything like that, they are of no good in case of emergency for war purposes. That was one of the things which delayed the fleet going from Tampa to Cuba. The speed of the fleet is the speed of the slowest ship. I think it is just a premium on knocking ships together to allow those kind of fellows to have a subsidy.

The CHAIRMAN. Mr. Taylor, have you anything further to submit to the Commission?

Mr. TAYLOR. No, sir.

## STATEMENT OF W. M. KILLINGSWORTH.

W. M. Killingsworth appeared.

The CHAIRMAN. Mr. Killingsworth, state to the Commission in what line of business you are engaged.

Mr. KILLINGSWORTH. I am in the real estate business.

The CHAIRMAN. The Commission will be pleased to hear from you.

Mr. KILLINGSWORTH. I will say, gentlemen, that I am profoundly impressed with the important subject that you are attempting to solve. I was present fortunately on last Saturday evening and had the pleasure of listening to your speeches, which covered the ground most completely and impressed me so favorably that I called here this forenoon. In the afternoon I have been unavoidably detained until the present moment or I would have been here to have received further information.

## OREGON WANTS A MERCHANT MARINE.

I regret that I can not give you detailed information, or attempt to do so, that would do this Commission any good other than to give this expression to you, that I believe in expressing my own feelings upon the question I express the honest wishes and opinions of 95 per cent of the residents of the State of Oregon when I say to you that we want everything done in the world to secure the merchant marine. We



are foremost in every other line and we certainly should be foremost in the carrying trade. I would say to you, gentlemen, that personally had they been present on last Saturday they would have formed the same opinion, that we have perfect confidence that this Commission, composed as it is, will solve this question correctly and will set not only Oregon in line, but the entire United States from ocean to ocean. That is my firm belief.

Here in Oregon, gentlemen, of all States we certainly should be loyal to the shipbuilding industry. We have our forests untouched, and our mountains rich in native ores—copper and iron. We have land in abundance to supply all the necessities for labor employed. We realize here, as it was so nicely expressed by one of the Commission, and, in fact, all touched upon it, that the possibilities of this nation, its expansion, its development, lie across the Pacific. We are no longer the back door in American enterprise or in the possibilities of this coming century, but we have suddenly wheeled around into line and are now the front door, which we fully appreciate here.

I assure you that this State and the Pacific coast should be as one man, demanding and insisting upon using the modern weapon. Business is a warfare without blood. The modern weapon is used. We, of necessity, must use the proper gun in opposition to our enemy. If they use subsidies we should use subsidies.

In fact, I do not believe there is anything in this question that should say, will it pay? That question should be eliminated. There is not a business man in America who invests his dollars and expects his income from each dollar so invested. They have their fixtures, their counters. It is unnecessary before this Commission to even touch upon it. The statement is sufficient. But they do that for the purpose of business.

#### THE COUNTRY'S SEA DEFENDERS.

Now, when we understand this question, when the people understand the question as presented by the members of this Commission on Saturday evening, that sailors are not made like soldiers, that it takes time to become familiar with the roll of the ocean waves, when we realize that that is a safeguard and a protection to every dollar's worth of property America has got, in time of distress, in time of need, we want those men composed of American-born citizens, it is our hope that this Commission will arrive at a solution, and not counting dollars, but looking into the future, determine upon a plan by which we will place this nation right at the front of the marine business. We are justly entitled to it.

I thank you for the honor conferred, gentlemen.

The CHAIRMAN. Is there any other gentleman present who desires to say a word?

Mr. TAYLOR. May I say a word?

The CHAIRMAN. Certainly.

#### ADDITIONAL STATEMENT OF GEORGE TAYLOR.

Mr. TAYLOR. I omitted to say that there were I think about twenty vessels that loaded with lumber last year in Portland, and when I say Portland, of course I mean the river. Of those there were thirteen

vessels of this same coastwise fleet that we talked of that loaded foreign—Shanghai, Manila, Japan, and all those various places—and of course there were several of those that came in coastwise for Honolulu and Manila. I did not mention about any vessels going foreign.

#### ADDITIONAL STATEMENT OF B. I. COHEN.

MR. COHEN. May I add just one word in response to a question that my friend, Mr. Spight, asked in regard to whether or not the rebate of customs duties should apply to the indirect trade? I fear if the plan he suggests were carried out it would be keeping the promise to the ear but breaking it to the hope. .

Representative SPIGHT. Do not understand that I made the suggestion. I only spoke of it in reference to the question of policy.

MR. COHEN. I fear if such a plan were carried out it would be keeping the promise to the ear but breaking it to the hope for this very simple reason: Nothing that we do to build up the American mercantile marine will please the foreigner. Now, if we try to build up the mercantile marine we are not trying to build it up against weaker powers than ours, but against stronger powers. Therefore, if we allowed other nations to practically give the same rebate to their own vessels when bringing their goods to this country, we would be allowing everybody to do it. For example, if an American ship went to France to bring French wines to the United States and we gave any rebate and allowed the Frenchman to have the same privilege, the French mercantile marine to-day is larger than ours. In the same way if we sent to Liverpool for some English products and we allowed the British vessel coming from Liverpool to have the same rebate as our own, the British mercantile marine is larger than ours. So I might call over the whole catalogue of nations.

Therefore, I say, if we are going to do this thing, let us meet it squarely and manfully as something we do for ourselves. The details of course will have to be worked out. Let us do it with the pure, simple, unadulterated purpose of building up the American mercantile marine. Let the other fellow look out for his own.

#### CLOSING ADDRESS OF THE CHAIRMAN.

THE CHAIRMAN. In closing the hearing, in behalf of the Commission, I want to thank every gentleman who appeared to-day and volunteered information to the Commission. I feel especially gratified at the fact that the gentlemen who have appeared have seemed to look upon this question as I think the Commission is trying to do, in a national sense. We do not want any provincialism in carrying out this great project, if it shall be done. We do not expect that it will work equally to the advantage of every State or every city, or every hamlet in the United States. So our hope is that we may be able to treat it, as you gentlemen seem to have treated it, as a national question. And if we shall be able to solve it even to a limited extent, our trust and hope is that it will do the United States, as a whole, some good rather than the State of New Hampshire or the State of Oregon, rather than the city of New York or the city of Portland.

You have been extremely kind to us, gentlemen. We appreciate it. The Chamber of Commerce of Portland and the Commercial Club have put us under great obligations both for this delightful room in which

we have held our meetings and for innumerable courtesies that we shall never forget. And now, in parting with you, we can only say in the words of dear little Tiny Tim, "God bless us every one." (Applause.)

Mr. TAYLOR. We hope to see you next year, sir.

The CHAIRMAN. Thank you.

Thereupon the Commission (at 4 o'clock and 30 minutes p. m.) adjourned, to meet in San Francisco on the 4th instant.

SAN FRANCISCO, CAL., *Thursday, August 4, 1904.*

The Commission met at 10 o'clock a. m. in the meeting room of the Chamber of Commerce Building, 307 Sansome street.

Present: Senator Gallinger (chairman), Representatives Minor, Humphrey, and Spight.

Also Hon. George C. Perkins, Hon. Edward J. Livernash, and Hon. William J. Wynn, and representatives of the shipping and other business interests.

#### OPENING ADDRESS OF GEORGE A. NEWHALL,

*President of the San Francisco Chamber of Commerce.*

Mr. NEWHALL. It is with great pleasure that I rise to bid welcome to this distinguished Commission, who have come here from the far East to do honor to our city and, we believe, to promote the benefit and welfare of our port.

As you all know, the Commission was appointed by an act of the last Congress for the purpose of investigating and reporting to Congress on the first day of the next session what legislation, if any, is desirable for the development of the American merchant marine, and I am sure with such distinguished gentlemen as Senator Gallinger, Representative Minor, Representative Spight, and Representative Humphrey San Francisco will never regret the visit of the Commission.

Gentlemen, I am not here to eulogize or to make complimentary remarks, but simply to introduce you to the Merchant Marine Commission. [Applause.]

#### RESPONSE OF THE CHAIRMAN.

The CHAIRMAN. Mr. Newhall, in behalf of the Commission, I wish, sir, to extend to you and to the Chamber of Commerce, of which you are president, the appreciation of the Commission for the many courtesies that we have received during our brief stay in San Francisco, and for your kind words of welcome this morning.

The Commission is here, as it has been in other cities of our great country, on a business mission. We are not here inviting oratory or desiring oratory. We are not here asking any man to tell us about the present condition or the past history of the merchant marine. We assume that we know that history, and that we, in common with every intelligent American, appreciate the fact that the merchant marine is in a most deplorable condition at the present time. What we want is to secure from practical men, men of affairs, men who have thought upon the subject, information that will enable us to reach a conclusion which may be of some service in formulating our report to Congress

on this great subject. We fully appreciate that it is a troublesome question, one full of perplexity, one that will require a great deal of patience and thought to work out to a satisfactory conclusion.

In addition to what Mr. Newhall suggested the Commission was commissioned by Congress to inquire into and to report upon what change or changes, if any, should be made in existing laws relating to the treatment, comfort, and safety of seamen, in order to make more attractive the seafaring calling in the merchant-marine service. In all the cities where we have been before coming to the Pacific coast we have asked the representatives of the seamen and the seamen themselves to come before the Commission and frankly state their case, and we have given them, as we propose to give that interest here, an equal chance with the other interests, and we assure them in advance that whatever suggestions are made in the interest of the seamen will receive from the Commission careful and conscientious consideration.

Now, Mr. President, thanking you again for your kindness and your courtesy, the Commission is ready for business.

#### STATEMENT OF JAMES ROLPH, JR.

The CHAIRMAN. First, I will ask Mr. James Rolph, whose name has been handed to the Chair, for an expression of his views on the subject that we have in hand.

James Rolph, jr., of the firm of Hind, Rolph & Co., and president of the Shipowners' Association of the Pacific Coast, appeared.

The CHAIRMAN. Mr. Rolph, will you kindly state to the Commission the line of business in which you are engaged at the present time?

Mr. ROLPH. Yes, sir; we are in the shipping and commission business and shipowners; also engaged in business to and from the Hawaiian Islands, where we represent sugar interests.

The CHAIRMAN. Proceed, Mr. Rolph.

Mr. ROLPH. Honored Chairman and Members of the Merchant Marine Commission: I beg to thank your Commission for the invitation extended to me to present to you the suggestions I have to offer for the development and upbuilding of the American merchant marine and American commerce.

I have been requested by the shipowners of the Pacific coast to say to your Commission that you are most welcome, and we trust you will gather some ideas here that will assist you in solving this important question and compensate you for your long journey to our city.

We believe no more satisfactory action has been undertaken by Congress than the attempt to solve this most important question.

Shipping has declined from the very fact that there is no inducement for capital to invest in American ships. The returns, from high cost of American ships, after insurance and depreciation are taken into account, are so small and the risk so hazardous, that capital finds safer and more lucrative investments in other lines of business.

#### CAPITAL AND LABOR MUST BE INTERESTED.

Capital and labor must be interested in shipping or you can never hope to upbuild it. The Government is not in a position to build or purchase merchant ships and carry on a business of shipowning, but it must foster shipowning because of its military necessity, because of

the value of merchant ships and trained and experienced seamen, and because of the commercial advantages arising from such possession.

It seems strange that manufacturing and business concerns generally seem to have the right of combination, while the same rights are denied carriers. The "Sherman Act" strictly prohibits any contract entered into for the purpose of regulating freight rates of railroads or ships engaged in interstate or foreign commerce. Such combinations, if they should exist, would be illegal and void, being in restraint of trade and commerce and therefore violative of the provisions of the act. The law of our country therefore absolutely prohibits individual shipowners from combining in any way whatever for the purpose of advancing freights, even though ruination be staring them in the face. The amalgamation of great carrying corporations under a single head now so common is but a result of this "Sherman Act." Under such conditions does it not seem reasonable that Congress should in some way foster our American shipping as an offset to this "Sherman Act," which is a direct blow to shipping, resulting to a large extent in its fast decadence and disappearance from the sea? What, therefore, can be done in justice to all, so that no interests will suffer and the public funds be honestly and judiciously expended for the rehabilitation of our merchant marine?

#### FOREIGN-BUILT SHIPS FOR FOREIGN TRADE.

Would it not be wise for Congress to begin by removing certain restrictions which do not burden the commerce of other countries? Why should not American citizens be encouraged to purchase foreign-built ships, and why deny them the privilege of purchasing foreign vessels if they care to buy them at their own price, registering them under the American flag? This could be done in such a manner as not to bring them into competition in any way with American-built ships. Why deny the American owners of over some \$100,000,000 which they have invested in foreign tonnage and registered abroad the opportunity of placing it under the American flag if they will consent to do so, with the proviso that they be debarred from the coasting privileges and from any right to participate in any subsidy or differential duties paid to American-built ships? You may ask, what benefit would they derive from this? Possession of their own property, and protection to it.

I must say that I am strongly opposed to any but American-built vessels, or such wrecked vessels as comply with the navigation laws, being permitted to engage in the coastwise trade or being permitted to participate in any subsidies or discriminating duties that may hereafter be allowed by Congress.

Foreign governments which have the largest fleets of merchant ships afloat allow their subjects to do this, so why deny our citizens the privilege of doing it? This is the only country in the world, I think, where this can not be done.

#### AMERICAN IN ALL BUT BUILD.

Congress should permit her American citizens to purchase, if they choose, foreign vessels and place them under the American flag. Compel them to be manned by American citizens, subject to our inspection

laws, registered in American ports, owned by American citizens, but denied absolutely the privileges of the coastwise navigation laws.

These foreign-built ships, if purchased, should be allowed to be registered free of duty on their ad valorem value. This item of duty being a concession on the part of the Government to upbuild our merchant marine; the owners obligating themselves to employ American citizens as officers, and comply strictly with our navigation and inspection laws. The item of duty would be a mere bagatelle in comparison with the large sums these ships would expend in our American ports in outfits, etc., and the employment they would give to our American seamen.

As an illustration of the working of such a law, I think I can speak intelligently about it, for my firm have, so far as I am aware, the only two sailing vessels that have been granted an American registry by Congress and denied the coasting privileges. I refer to the cases of the barkentine *Hawaii* and the bark *Homeward Bound*. Our Pacific mercantile institutions and Congress considered that the circumstances of each case entitled them to American registry; but certain influential eastern shipowning and shipbuilding interests fought their admission to registry so bitterly that we were simply allowed the registry and denied the coasting privileges.

Both the *Hawaii* and *Homeward Bound* are registered here in San Francisco; they are commanded by American citizens; the officers are American; the ships outfit at this port, and spend large sums of money here; we pay the wages of the port, and they are to all intents and purposes American ships, carrying the Stars and Stripes at their masthead. The master of the *Homeward Bound* is a native son of California.

These ships are of as much benefit to the port of San Francisco and to the nation as any American ships afloat, and if trade follows the flag, these ships are certainly good forerunners of trade to whatever ports they go.

#### NOT SEEKING THE COASTWISE TRADE.

San Francisco is one of the largest shipping centers in the Union, and destined to become the largest. Our close proximity to our new possessions of Hawaii and the Philippine Islands and also to the development of the Far East is bound to make San Francisco the principal home port of the large fleets of vessels to take care of the increasing trade.

There are at least 20 British vessels owned here in the port of San Francisco that are registered as British corporations in the city of Victoria, British Columbia. Would it not be far better to have these vessels, which are owned here, registered here as American vessels, flying the American flag; have American masters and officers in command, but be denied absolutely the rights to engage in the American coastwise trade? I am sure the owners of these vessels would register them from the port of San Francisco to-morrow as American vessels, if they could obtain the privilege of doing so, even if denied the coasting privilege.

You can not upbuild our merchant marine unless, as I have said before, you can interest capital in shipping. Capital certainly will not invest in ships to be built, as the cost of building in the United States is out of all reason at the present time, and even should a new

ship be built it is almost an impossibility for her to pay even the cost of her insurance, to say nothing of the deterioration of her value year by year, which is certainly not less than 5 per cent per annum.

#### CONDITIONAL FREE SHIPS.

To sum up my remarks under this heading, I think a bill should be introduced in Congress permitting the purchase of foreign-built ships by American citizens to be registered in American ports free of duty and to comply in every respect to our inspection and shipping laws, but to be absolutely denied our coasting privileges. Every industry of our great country is benefited by an increase of our merchant marine.

If these purchased ships needed repairs, they would be done in American ports and American workmen would do the work. They would be outfitted and maintained in every respect as our American ships are.

Since American shipowners will not by any means invest in shipping built in American shipyards at the tremendous cost, why let the merchant marine suffer by denying them the privilege of purchasing their ships under the conditions I have suggested simply because a few shipbuilders throughout the country are demanding the building of ships at their own asking prices, whereas if there were more ships domiciled in American ports these very shipyards would have their yards full of repair and drydocking work, in which they all claim there is more money than there is in the building of a ship?

Just think for one moment what the dry docking and repairing alone would amount to if a large merchant fleet were dry docked and repaired in American shipyards, but as it is these foreign ships which American capital is willing to buy at low prices, dry dock, and repair at their foreign home ports before coming to our ports, and dry dock and repair again on their return to their foreign home ports.

#### REMOVAL OF CITY, COUNTY, AND STATE TAXES ON SHIPPING.

To go a step further, I firmly believe that American ships are compelled to submit to more excessive charges in American ports than is just for American ships, and one of these charges particularly in the port of San Francisco, in the State of California, is a taxation on shipping property which amounts to at least 1½ per cent per annum. In many States of the Union, including New York, the great maritime State of the East, Illinois, the great maritime State of the Great Lakes, taxation on shipping property has been abolished, and I hope the people of the State of California will realize this injustice to our shipping and by an overwhelming majority vote decide at our next election in November to abolish taxation on shipping in the State of California. An amendment to the State constitution to this effect was passed by our last State legislature two years ago, and it is to be decided by the people of our prosperous and advancing State next November.

I venture to say that there is at least \$25,000,000 invested in vessels plying in and out of the ports of this State that would probably be documented here if there were no taxes on them, but to avoid taxes are registered in New York and other States. Just think of a tugboat

being built and launched at this port last month for harbor service here and documented in New York. There are several other States in the Union that are equally as liberal, they realizing that port charges, wharfage, tonnage dues, pilotage, and numerous other charges which a vessel pays are sufficient to cover the charge of taxation. Furthermore, a number of vessels registered at this port are seldom in this port, being engaged in deep-sea voyages and away from the port on the day of taxation.

The removal of 1½ per cent per annum on the assessed value of all shipping in the United States would be a stepping stone to assist the upbuilding of the American merchant marine and another step toward inducing capital to invest in shipping.

#### CALIFORNIA'S DISCRIMINATION.

You must have been appalled yesterday to have seen lying up in our Oakland Creek some of the finest type of American vessels afloat, simply because their owners can not find profitable employment for them. Here in our wonderful and rapidly advancing city, with the finest harbor in the world, we are looking forward and preparing ourselves for the great opening of the Panama Canal, which will bring our city, State, and coast into closer proximity to the eastern coast and to the markets of the world, and we are preparing ourselves to get our just share of the enormous trade which is bound to develop in the Far East. To prepare ourselves for all these advantages we are taking active steps in improving our harbor and shipping facilities. We are working arduously to build additional wharves for from 2 to 3 miles to the south of our ferry building, giving us a stretch of several miles of the finest wharf room in the world where the deepest vessels afloat can be safely moored with ample accommodation for loading and unloading their cargoes. We know our great advantages here, but is it not sad to think that with all these projects in mind our shipping, that pays exclusively for the maintenance of all these improvements for the benefit of the city, State, and her people, should be allowed to decline to the extent that it has, and that a large number of our few American ships carrying the Stars and Stripes should be lying up in this very harbor for want of profitable employment. Is it not most unwise that taxes should have been charged on shipping in the State of California when important States like New York and Illinois abolished taxes a number of years ago?

I quite realize that it is beyond the power of Congress to interfere in the laws of each and every State, but Congress, in body assembled, might recommend that the taxation of shipping in the several States be abolished.

If the States will not agree to this, then let Congress, by constitutional amendment, pass a law exempting all shipping from taxation in Washington, D. C., allowing owners to register their ships there, exempting them thereby from taxation in the several States.

#### COST OF SHIPBUILDING IN THE UNITED STATES.

It is absolutely necessary to interest capital in the investment of our American-built ships, which we must have to take care of our coast-wise trade, and which must never be permitted to foreign-built vessels under any consideration whatever.



Therefore, if Congress expects shipowners to invest in American-built steel vessels, they must find some way of remedying the effect of the high protective duty on steel, which to-day permits the Eastern steel trust to ship its surplus steel to England and sell it at about \$8 per ton less than they charge for it in this country. How can American ships be built as cheaply here under such conditions as they can in Europe?

As an illustration of a recent experience of this kind, I find that one of our largest steamship owners on this coast, who is endeavoring to develop trade between our Pacific coast ports and the oriental ports, wished to purchase or build an American steamship a few months ago. This shipowner could not get a reasonable price from our shipyards here and went East, and the price for building the steamer he required was so excessive that he had no alternative than to proceed on to Great Britain. He visited nearly all of the shipbuilding concerns in England and Scotland and obtained a figure for the construction of the 7,500-ton dead weight cargo steamer that he wished built. The price asked was about \$200,000. Before placing the order with the firm in Scotland he returned to our Eastern coast and presented the identical specifications on which he had received the price of \$200,000 to a number of our Eastern shipbuilders. One of them asked \$385,000, and another \$415,000, for building the identical steamer on the specifications of the Scotch shipbuilders. There was nothing left for our Pacific coast shipowner to do but to place the contract with the Scotch builders.

Just think of practically 100 per cent difference between the cost of constructing a vessel in Great Britain and constructing her in our American shipyards. How can we expect to get an American merchant marine together under such conditions? The solution of such a problem as this is almost unfathomable.

#### REDUCE THE STEEL DUTIES.

Probably a reduction of duty on imports of steel would help the American shipbuilders to a very large extent in the reduction of their asking prices for the building of ships, and then they would probably reduce them considerably more when they realized that American capital had the opportunity of purchasing foreign ships for registry under the American flag, even though denied the coasting privileges. Then for the building of ships required to take care of our coasting trade, they would probably try to find a way of shaving off all corners and ask a price within reason and make it an inducement for American citizens to build American ships.

Congress can not assist the upbuilding of the American merchant marine by removing all the duties on materials used in the construction of ships, as I do not believe that the shipbuilder would likely allow such concessions to accrue to the benefit of the shipowner.

If the Government is determined on spending any money, and certainly a removal of duties on any articles used in the construction of ships will be such an expenditure, I think it would be unwise to leave the question of whether it should accrue to the benefit of the merchant marine in the hands of the shipbuilder. Protect our home manufacturers, except steel; I say steel, because our steel trust is selling in

foreign markets cheaper than in the home markets, and then let the Government guarantee the shipowner some profitable inducement after the ship is built.

#### A CHANCE FOR FOREIGN WRECKS.

I think section 4136 of the Revised Statutes of the navigation laws should be changed so that vessels not over 20 years of age, and though not wrecked in American waters but the required amount for repairs expended in American shipyards, should be given the American registry. The place of wreck is but a very technical point, the object of the law being to have the amount stipulated by the law as being necessary for repairs expended in American shipyards. The very inducement for Americans to buy dismantled ships coming to our ports and expending in American shipyards, in repairs, an amount equal to three-fourths of the cost of the vessel when so repaired is defeated, because they can not get an American registry when completed. They had better buy a good foreign ship at once rather than bother with these crippled ships, which cost more in the end than a new foreign ship. This has been the experience. Just think of two or three vessels hoping to get the American flag spending more than their original building cost in this port in repairs, and unable to get the American registry. What inducement is offered to our American citizens to repair wrecked ships in American shipyards, thereby providing employment for our American skilled labor?

#### DISCRIMINATING IMPORT DUTIES OR SUBSIDY.

A few years ago I was more in favor of a subsidy than I am at the present time. The French bounty act to my mind has proved a curse to the shipping of the whole world, and has done neither the French shipowners nor the French Government any good.

I am strongly in favor of a reduction of import duties on all cargo imported in American-built vessels. It is the idea of giving the shipowner an opportunity of helping himself, and the Government not paying something for nothing. It gives the American ship in foreign ports the preference of freights to the extent of the reduction in the duty, and our American manufacturers and producers are not injured in any way by such reduction in duties. A reduction in the tariff on imports would enable the shipowner to assist the American manufacturer and producer in the matter of exports by enabling our American ship in competition with a foreign ship to accept a lower freight outwards to the extent of the sum earned on the reduction of the duty on her imports.

I believe foreign vessels employed in trades between the United States ports and foreign ports other than between the United States and their home ports should be charged an increased tariff on all their imports and additional port charges. These foreign subsidized vessels, with low cost of maintenance, are too dangerous competitors to our American-built ships, and we must foster our American tonnage.

If, owing to the existence of international treaties, Congress may find itself prohibited from acting upon the reduction of tariff charges on goods imported in American ships—and while I favor the merchant marine being fostered by such an act, I realize that it may be difficult

at the present time to carry it out—and there should be felt as the only alternative a subsidy in some form or other, Congress should make efforts to abrogate any treaties that prohibit the application of a discriminating duty policy.

AN EQUAL CHANCE FOR ALL.

If the idea of subsidy be finally recommended to Congress by your Commission, I believe that all vessels engaged in deep-sea voyages, either steam or sail, plying to and from foreign ports, should be treated alike, and whatever payment Congress decides upon, that it be paid only to vessels built in American shipyards, or which secure American registry by strict compliance with the conditions set forth in the present navigation laws or by special acts of Congress. I consider the protection of the coastwise laws to our coasting fleet is sufficient subsidy to them.

I believe the small owner, either sail or steam, should be given the same protection on all deep-sea voyages, so that large corporations with fast steamers can not drive out our smaller and slower vessels by forced competition on the part of large corporations assisted by the Government.

I believe it is necessary to encourage the building in American shipyards of fast ocean greyhounds, and while I believe these vessels should only have the same compensation as the slower or smaller vessels for the distance sailed with cargo, that they should be still further subsidized by increased payments for carrying the mails, as the object of the Government in the upbuilding of the American merchant marine is largely to call upon these vessels as auxiliaries and cruisers in time of war.

A ship should not be paid a subsidy unless she actually sails with cargo, an attractive and profitable compensation being paid for the carrying of the mails, and a subsidy to all vessels alike, large or small, sail or steam, fast or slow, engaged in foreign trade, being paid to foster the upbuilding of our merchant marine and carry our products to all parts of the world, and the advantages derived by the nation in the possession of a large, powerful, and profitable merchant marine.

AS TO THE SEAMEN.

In the consideration of the upbuilding of the merchant marine, we must not lose sight of the fact that our sailors constitute a very important part of the solution of the problem, for without our sailors we can not sail our ships, and it is to our officers and sailors on the high seas we give the charge of valuable life and property. Thirty years ago it was a great credit to a man to be master of an American merchant vessel. The best of families sent their sons to sea with the expressed idea that they would in time become masters of an American merchantman. If our merchant marine can be restored to its former place on the ocean's highway you will find many of our young men of good families take to the sea in preference to going into offices and stores.

It is in our sailing ships only that seamanship is learned, and the officers of our steamships must be drawn from the sailing ships. Some English and German steamship companies maintain sailing training

ships for their officers, and particularly the Cunard Line, which company claims never to have lost a life, even the fourth officer of a steamer must have been in command of some sailing ship before he can receive such an appointment.

We must foster by all means a continuance of our sailing ships on the high seas. Some will say that they are a thing of the past, but I believe that they will always be profitably employed in long deep-sea voyages and for certain classes of business and to certain ports, if Congress will treat them on an equal basis with steam vessels, with the exception of a mail subsidy.

We must make our merchant marine attractive and profitable to induce our sailors to go to sea, in order that they can find as good employment on the sea as on the land.

#### A NAVAL RESERVE.

I think Congress should enact a measure for the appointment, promotion, and employment of officers and seamen in an American naval reserve. These officers and seamen should receive certain compensation from the Government, according to their rank; and these men should be subject to the call of the Government at any time in case of an emergency. They should be paid by the Government a bonus in addition to the wages they are paid by the shipowner, and each officer and seaman should drill a certain number of days in each year on an American man-of-war, and the bonus paid them should be sufficient to enable them to do this work so that they would not lose any pay while not in the employ of the shipowner during that period, and then the Government would have men in reserve for use when needed. If these men show special ability or aptitude to serve as officers they should be promoted into the Regular Navy. It is a deplorable fact to think that our Navy, of which we are so proud and anxious to see increased, should be at this time about 10,000 men short of the actual requirements.

I would suggest that your Commission examine carefully the revised regulations for the appointment, promotion, and employment of officers in the royal naval reserve of Great Britain and improve upon them, especially in regard to seamen and men before the mast.

In conclusion, gentlemen, I beg you will pardon me if I have trespassed too much upon your valuable time, but kindly attribute it to the keen interest I feel in this important subject, not only as a shipowner, but as a citizen who realizes that the continued prosperity of our country is dependent mainly upon our trade and commerce, and that the whole of the people of the United States would be benefited directly or indirectly by having the nation's flag floating again, as it did in 1850, at the peak of the largest fleet of ships engaged in the carrying trade of the world, in place of our present deplorable position at the present time only one-tenth. If such a state of affairs continues much longer, we, as a nation, are very apt to retrograde instead of continuing our forward march of progress and prosperity, and our national defense will be very weak for the need of a large merchant marine.

I thank you. [Applause.]

WOULD OWNERS BUY?

The CHAIRMAN. Mr. Rolph, your association own and operate steamships as well as sailing vessels?

Mr. ROLPH. No; only sailing vessels. The owners of steam schooners and steamships have an organization or their own, and the president of that association will also appear before you.

The CHAIRMAN. Does your argument in behalf of free ships extend to steamships as well as sailing vessels?

Mr. ROLPH. Yes, sir.

The CHAIRMAN. Would your association agree to sail a fleet of steamships bought in France, or Germany, or Great Britain, or any other foreign country, in competition with a foreign fleet which costs much less to operate and which has a large subsidy from its government?

Mr. ROLPH. That is a very hard question, Senator, for me to answer. I am not interested in steamships at all.

The CHAIRMAN. I ask it for the reason that this Commission has been unable to find any shipowner or any association of shipowners who have been willing to say that if they were permitted to go into foreign countries and buy ships they could operate them or would undertake to operate them in competition with the cheaper ships of foreign countries, which are operated much more cheaply than ours and which are receiving subsidies from their governments.

HIGHER WAGES FOR OFFICERS ONLY.

Mr. ROLPH. Senator, in speaking in behalf of sailing ships I mentioned that we are running two vessels under the American flag without the coasting privileges. The only additional expense that we find in running those ships is the extra wages we pay to the master and to the officers.

We have good men in command, men whom we can trust, men whom we know, and we pay them enough to make them be honest, and we think the money is well spent. We ship our seamen here and we pay the same wages that a foreign ship pays. We send the ship to Europe. The men are paid off there. In Europe we get the same seamen exactly the foreign ship gets. We bring them out here and they are paid off again at an American port.

The CHAIRMAN. This question of free ships has been suggested to the Commission, but not by any gentlemen so vigorously advocated as you have advocated it this morning. I am sure the Commission would like to know if it is true that any responsible firm or association in this country will accept the doctrine of free ships and promise to operate them as against the foreign ships.

Mr. ROLPH. I have given you an illustration of our doing so, and my suggestions are that if Congress will give the privilege of purchasing these ships, compel them to comply with our requirements but deny them our coasting privileges, giving a man the opportunity of purchasing the ship, of having possession of it, you will build up the American merchant marine. If he will not buy the ship you can not force him to buy it.

ONLY OF SAILING SHIPS.

The CHAIRMAN. But your argument applies, as I understand it, only to sailing ships?

Mr. ROLPH. I can only speak from experience of sailing ships. I know of no steamers that are operated in that way.

The CHAIRMAN. I suppose you know that certain countries—for instance, France and Italy—suffered a very material and almost disastrous decline of their merchant marine under the free-ship policy, that they have gone to the policy of aiding their ships through governmental methods, and that since they have undertaken that their merchant marine has very largely increased.

Mr. ROLPH. The merchant marine of France, I am told, is very largely owned by other capitalists than the French capitalists; that the majority of stock in those French corporations is owned by English and German shipowners.

The CHAIRMAN. That may be.

Mr. ROLPH. And they have invested in those ships to take advantage of the bounty.

The CHAIRMAN. One other matter suggested itself to my mind. The Commission saw these idle ships yesterday; some of them American ships, I believe. Exactly how is it going to help you out to be permitted to go abroad and buy free ships and add to your fleet when you do not get employment for those you have now on hand?

Mr. ROLPH. We are not looking for this depressed state of affairs to exist forever. It is during these depressed times that shipowners are willing to invest their money in cheap ships, looking forward to a time of improvement in trade and more remunerative returns on their investment. We can hardly pay our insurance now on American ships at the high cost, but if we get a ship at fifty cents or even thirty cents on the dollar, some of them could be run at profits very much larger for the amount invested.

The CHAIRMAN. But you have these idle ships on your hands. If you are going to operate a ship, I do not see why you should take into account the high cost at all. She is here; she belongs to you.

Mr. ROLPH. If it is a high-cost ship, the man has to pay insurance; if a low-cost ship, the man has to pay lower insurance.

The CHAIRMAN. Undoubtedly; and the high-cost ship is tied up.

Mr. ROLPH. But the high-cost ship is an American ship, which is now under our American coastwise trade protection, as it should be, to do coast business.

The CHAIRMAN. Of course; that is done by statute. Absolutely the foreigner is excluded by statute.

Mr. ROLPH. It is done.

THE COST OF STEEL.

The CHAIRMAN. I noticed that you made a suggestion about steel being sold abroad cheaper than it is sold here. That same suggestion has been made to the Commission, and I will say to you that the Commission has no sympathy at all with that state of affairs. And yet the item of steel, according to the testimony that has been elicited thus far, is a very small item in the total cost of the ship. I think that Admiral Bowles, for a long time naval constructor in the Navy Depart-

ment, now at the head of a great shipbuilding firm in Massachusetts, at Fore River, estimated that it would be about 5 per cent.

Mr. ROLPH. Our shipbuilders claim it is owing to the high cost of steel that they can not build ships. That is the argument set forth at the shipyards when one asks for the price on some particular style of ship.

The CHAIRMAN. Is it not, as a matter of fact, the high cost of labor?

Mr. ROLPH. Skilled labor is certainly worth what it is asking. It takes a skilled mechanic to build a ship. It is the best of labor that we can get. Laborers in every other line of business are getting good wages.

The CHAIRMAN. I am not finding fault with the price paid to American labor, but I am suggesting a comparison with the price of labor abroad.

Mr. ROLPH. I think your Commission, Senator, should begin and remove the duty as the easiest remedy to this state of affairs. If there is a difference of only 5 per cent between the cost of a ship built of steel here and the cost of a ship built on the other side you should remove that 5 per cent at once. It is all these little items that would lump together which would go toward assisting the shipowner to a very large extent.

#### A REBATE ALREADY.

Representative MINOR. I suppose you are aware that if you desired to build a ship to be engaged in the foreign trade and bought your steel abroad you would be entitled to a rebate to the extent of the tariff?

Mr. ROLPH. Our steel is made here and it is shipped to the other side.

Representative MINOR. You can go abroad and buy the steel and put it into a ship to be engaged in the foreign trade and get your rebate.

Mr. ROLPH. So I believe.

The CHAIRMAN. Not only steel, but all the other materials that enter into the construction of the ship.

Representative MINOR. In Cleveland this matter of the tariff on steel and how it operated was fully developed. It was stated to us by a prominent officer of a shipbuilding concern there, I believe one of the largest on the Lakes, that steel was laid down on the Clyde at \$8 less per ton than our own shipbuilders could buy it for; and this Commission unanimously condemned it in public. Now, if you had a ship carrying 6,000 tons of dead weight it would require about 3,000 tons of material to construct it, and \$8 per ton would be \$24,000 in that item alone?

Mr. ROLPH. Yes, sir.

#### THE QUESTION OF WRECKS.

The CHAIRMAN. Mr. Rolph, I noticed that you advocated an amendment of our existing statutes so that all ships wrecked anywhere in American or foreign waters could be brought here and repaired, a certain stipulated amount being expended in repairs, and that they should be given an American registry and admitted to the coastwise trade.

Mr. ROLPH. Not by any means if wrecked and towed into foreign ports.

The CHAIRMAN. But in American ports?

Mr. ROLPH. Simply in American ports and not over twenty years

of age. I do not believe in bringing in wrecked foreign ships simply for the purpose of getting an American registry.

The CHAIRMAN. As our American shipyards, especially on the Great Lakes, are living to-day because of the fact that they are building ships for the coastwise trade, what will become of our American shipyards if we pick up all the old wrecked hulks of other countries and give them American registry and put them in that coastwise trade?

Mr. ROLPH. Are not conditions different on the Great Lakes from what they are on the seaboard?

The CHAIRMAN. Perhaps so; but I will apply my suggestion to the entire coastwise trade of the United States.

Mr. ROLPH. I can not see what inducement there is for an American to repair a crippled ship coming to our ports. If she is wrecked 1 mile beyond the 3-mile limit it prohibits her from getting a registry. She is towed in by our American steamers and the repairs are expensive, footing up in many cases more than the original building cost of the ship in a foreign port. Now, what inducement is there for American capital to buy this crippled ship and give employment to our shipyards?

#### WOULD HURT AMERICAN INTERESTS.

The CHAIRMAN. There may not in some cases be any inducement, but if you put that tonnage in direct competition with our present coastwise trade it seems to me that it will do great detriment to our American interests. It may not in an individual case, but you want to establish a general principle here, not only that we shall go abroad and buy ships there, practically saying to our American shipyards, "You shall never build another ship for the foreign trade," but if you are going to bring in all the old hulks and repair them and put them in competition with our coastwise trade it will be a blow to the shipyards which are now building vessels for the coastwise trade. It appears to me that while your policy might be of some advantage to a gentleman engaged in shipping, it would be a very great detriment to every shipyard in our country, and to the labor employed in our shipyards.

Mr. ROLPH. I do not look at it in that way, Senator. The shipyards have got to have repair jobs to keep the yards going, because of the rush in building ships, and I know that at the shipyards here they claim that they make more money in repairs than in building a ship; that they have to cut so fine in shipbuilding.

#### REPAIRS ABROAD AND AT HOME.

Representative HUMPHREY. I should like to ask you a question in regard to a point which has been brought before the Commission several times, as to the advantage if ships were bought abroad and then repaired here at home; that is, the advantage of the repairs to the home shipyards. Is there anything to prevent American vessels from being repaired in foreign yards?

Mr. ROLPH. No; not if wrecked there.

Representative HUMPHREY. I mean the repairs you speak of generally. You speak of repairs at the end of the run, and the general repairs that are made, not the repair of wrecks, but what is required to keep a vessel in repair.



Mr. ROLPH. To keep vessels in first-class order?

Representative HUMPHREY. Yes. Is there anything to prevent that from being done in foreign ports?

Mr. ROLPH. Nothing at all.

Representative HUMPHREY. Do you think as long as there is the difference in wages that exists between American and foreign labor that in the case of vessels which are owned by Americans the repairs should not be made by Americans? Suppose we had a large American fleet, do you think the costly repairs should be made at home rather than abroad, and if so, why?

Mr. ROLPH. Speaking from our experience, yes; because if we make repairs in a foreign port it costs us far more than it does in an American port.

Representative HUMPHREY. That is on account of some law or interest probably, because it has been mentioned as I said before us. Several documents have been placed before the Commission.

#### TAKING ADVANTAGE.

Mr. ROLPH. It leaves room for the shipbuilder in the foreign port to take advantage of the shipowner, who is so far from the point of action and point of repairs, that he puts on an excessive price for doing the work. I have a wooden ship, the *Emily Reed*, that got damaged off Australia and was towed into Sydney, and her repairs there cost \$21,000. I am sure that if those repairs had been made here in San Francisco they would not have cost us over ten or twelve thousand dollars.

Representative HUMPHREY. That is a case where they simply took advantage of your necessities. But in foreign ports generally, when you have repairs made, you would submit it to the lowest bidder, would you not? For instance, suppose you had a vessel off the coast of England somewhere and expensive repairs were to be made, you would submit it to the lowest bidder?

Mr. ROLPH. If absolutely necessary. If the repairs were not absolutely necessary there, we would have the repairs done here.

Representative HUMPHREY. Then it comes back to the question that you have an American vessel repaired at home because it can be done cheaper than abroad?

Mr. ROLPH. I think so. That is our experience.

Representative HUMPHREY. Do you think it is true that you can get a vessel repaired cheaper at home than abroad?

Mr. ROLPH. I think it can be done cheaper in the port where the owners reside.

#### FREE SHIPS AND FOREIGN SUBSIDIES.

Representative HUMPHREY. There is one other question I wish to ask you. As the Chairman said, your paper has been very interesting, and it has gone into the question of free ships more extensively, I think, than any other paper we have had presented to us. Do you think that free ships would help the condition that exists here on the Pacific coast, especially at this port and at Puget Sound ports, where our ships come directly in competition with Japanese and English vessels? They have the same crews, practically, except that the American officers cost a little more, but both the English and Japanese vessels have in addition a direct subsidy paid to them. Do you think if

you had the privilege of buying foreign vessels at the same price they could, so that you could start even, that you could operate those ships in competition with Japanese and English vessels, which are heavily subsidized?

Mr. ROLPH. The wages of Chinese and Japanese is only practically a third of what we have to pay for American seamen.

Representative HUMPHREY. That is one item.

Mr. ROLPH. In the item of wages, of course, when you put it that way, we are paying nearly three times what they pay. At the same time the foreign ships you mention, Japanese and Chinese, principally—

Representative HUMPHREY. Japanese and English.

Mr. ROLPH. I did not intend to say Chinese.

Representative HUMPHREY. The English take exactly the same sailors we take on Puget Sound.

Mr. ROLPH. That is true. In fact they pay more than we do. They pay blood money there that we do not pay.

Representative HUMPHREY. But that is not answering the question I ask you. You contend that the purchase of free ships abroad will solve the problem, with this handicap of subsidies. Admitting for the sake of the question that the wages paid on an American vessel are just as low as on an English or Japanese vessel, do you think, even with that admission, you could operate a foreign-built ship, even if you had purchased it cheaply, so as to overcome this handicap of direct subsidies that is paid?

Mr. ROLPH. Is not that a matter which would be left by the Government in the hands of the ship owner? Those are calculations that he would figure out before he purchased the ship.

Representative HUMPHREY. That is the question I am asking you directly. Suppose you can go and buy a foreign ship wherever you wish, at the same price, we will say, that it costs the foreigner, and bring it into this port, could you then operate it in competition with Japanese and English vessels the way they are subsidized?

#### COULD COMPETE WITH ENGLISH.

Mr. ROLPH. I could not with Japanese vessels; I could with English vessels.

Representative HUMPHREY. Even with the subsidy they give of \$300,000 a year?

Mr. ROLPH. Yes.

Representative MINOR. How is that going to be done?

Representative HUMPHREY. That is what I should like to know—how he can do it.

Representative MINOR. That is the proposition.

Representative HUMPHREY. As you know, in Puget Sound a boat of the Boston Steamship Company leaves the wharf at Seattle and goes past Vancouver. There it meets that line subsidized at \$300,000 a year. How could you overcome that if you were permitted to purchase an English vessel as cheaply as an Englishman and start on equal terms with him?

Mr. ROLPH. I think you are referring more particularly to steamers than to sailing vessels.

Representative HUMPHREY. Yes; that is the condition, and I am asking you on this particular point.

Mr. ROLPH. I am not very well posted on the cost or maintenance of a steamer. Speaking for the sailing ships, I say yes.

Representative HUMPHREY. We have not found anyone yet who has ever thought it could be done.

Representative MINOR. They do not subsidize sailing ships?

Mr. ROLPH. Not at all.

#### KNOWS NOTHING OF STEAMSHIPS.

The CHAIRMAN. The Commission then is to understand (and that is the very point I wish to bring out) that your argument in favor of free ships applies to sailing ships and not to steamships?

Mr. ROLPH. I know nothing about steamships.

The CHAIRMAN. You doubtless of course have noticed the fact that even Great Britain and Germany have rather gone back recently on the free-ship policy. In the case of the two Cunard steamers, Great Britain advances the money to build them, and the law provides that they shall be built in British shipyards. The building of some recent German ships has been authorized, and there is a similar provision in the German law that they shall be built in German shipyards.

Mr. ROLPH. I am aware of it.

The CHAIRMAN. So even those Governments have rather gone back on the policy of free ships. What I wanted to know I think you have explained satisfactorily. Your argument is in favor of free sailing ships?

Mr. ROLPH. In favor of free sailing ships.

#### NO FEAR OF RETALIATION.

Representative SPIGHT. I notice that you advocate a return to the policy of discriminating duties. Have you any serious fears of retaliation on the part of foreign countries if we should adopt that policy?

Mr. ROLPH. I have not. I tried to look into that matter as carefully as I could, and I do not believe we would be bothered by retaliatory duties imposed upon our shipping by foreign countries.

Representative SPIGHT. You think, then, if I understand you, that discriminating duties and possibly a discrimination in tonnage taxes would aid materially in building up our merchant marine?

Mr. ROLPH. I do.

Representative SPIGHT. We would not only, as I understand you, have the export trade, but we would give assurances to our ship-owners that they would secure return cargoes also?

Mr. ROLPH. There is not the slightest doubt about it.

Representative SPIGHT. Is it not a fact that those discriminating duties of themselves would be a strong inducement to foreign shippers to ship in American bottoms, because of the difference in the duties and tonnage tax to be charged in our ports?

Mr. ROLPH. The foreign shipper would by all means want to ship in an American ship.

#### HOW ABOUT THE FREE LIST?

Representative MINOR. Suppose the ship was trading with a country where most of their products were on the free list, not on the dutiable list, then what inducement could it offer to ship in American bottoms?

Mr. ROLPH. None whatever. That would be a question for the ship-owner in sending his ship to that port.

Representative MINOR. Are not those countries where a large part of their products are on the free list countries where we have great opportunities for building up American trade? Now, what advantage would it be to us to try to build up the merchant marine if we can not build up a trade with them; and if your ship is trading to a country where a large portion of their products are on the free list, then a differential or discriminating duty would do no good as to anything on the free list that is shipped in a vessel?

Mr. ROLPH. There would be no advantage with the present tariff duties to do that. That is something which should be taken up by Congress.

Representative MINOR. That matter ought to be very carefully considered.

Mr. ROLPH. There is no doubt about it.

#### TREATIES IN THE WAY.

The CHAIRMAN. Mr. Rolph, as we have, I believe, thirty-one commercial agreements with foreign countries which deny to us the right to impose discriminating duties, do you not think that a return or attempted return to that old system by an abrogation of those commercial treaties would result in a commercial war between this country and those countries?

Mr. ROLPH. I quite realize that those treaties would have to be abrogated in some way or other before the discriminating policy could be adopted.

The CHAIRMAN. And as we export much more largely than we import, would we not be put at the mercy of foreign countries rather than they at our mercy if we undertook to follow that policy?

Mr. ROLPH. There is always that chance of retaliation. This whole matter must be considered very carefully and acted upon cautiously, so that none of the troubles which you suggest can arise.

The CHAIRMAN. I will say that the Commission is giving very careful consideration to the matter of discriminating duties, but we want it understood all along the line in advance that there are some difficulties in the way.

#### COULD BE MODIFIED OR ABROGATED.

Representative SPIGHT. Before you sit down, Mr. Rolph, right along in this connection, do you not know it is a fact that under the terms of those treaties the right is reserved to any one of the powers to modify or totally abrogate the treaties?

The CHAIRMAN. I think not to modify; to abrogate.

Representative SPIGHT. Well, to abrogate. We could make an agreement which would amount to a modification if it did not abrogate them totally.

Mr. ROLPH. I am well aware of that.

#### A PERPETUAL SUBSIDY.

Representative SPIGHT. Now, Senator Gallinger asked you if there would not be great danger of retaliation on the part of foreign governments. I wish to ask you if it is not a fact that the great value of

our exports to foreign countries consists in such products as enter into the consumption of the people of those foreign countries for food and for clothing, and if they were to resort to retaliatory policies would they not impose additional burdens upon their own people instead of benefiting them?

Mr. ROLPH. Speaking hastily, yes, sir; I think so, because our main exports are grain and flour, and those they must have.

Representative SPIGHT. And cotton for their mills?

Mr. ROLPH. And cotton for their mills. They must have this.

Representative SPIGHT. And would they not hesitate before adopting a retaliatory policy which would fall with such a heavy blow upon their own people?

Mr. ROLPH. As I said to Senator Gallinger, yes; I think so.

#### A PERPETUAL SUBSIDY.

Representative SPIGHT. Now, one other question and then I am done. You spoke about subsidies. What is your idea as to how long a subsidy policy would have to be continued to accomplish the purpose? Would it not have to be made perpetual, if the subsidy is the inducement to run the ships?

Mr. ROLPH. I am inclined to think it would. The French Government is paying a subsidy at a certain rate for four years, at a diminishing rate for another four years, and a still further diminishing rate for the remaining four years, making twelve years in all. Now, what will become of those French ships when the twelve years have expired? They will pass away from the French flag; they will carry the flag of other nations.

Representative SPIGHT. Is it not a fact that twenty-five or thirty million dollars are now due French ships under the subsidy law that they can not get?

Mr. ROLPH. Yes, sir; it is; and the French ships are being transferred by mortgage to banks and other corporations simply because they are unable to get their bounty.

Representative SPIGHT. If we were to adopt as the policy of this Government the payment of direct subsidies to induce the running of American lines, when the subsidy would be withdrawn is there not great danger that the ships also would be withdrawn, and that they would be operated only while the subsidy is continued?

Mr. ROLPH. Yes; I think you leave room for it.

Representative SPIGHT. That is what I believe. I think that would be the result.

#### SUBSIDIES HAVE BEEN REDUCED.

The CHAIRMAN. Just one or two additional questions, Mr. Rolph. England subsidized a line a few years ago at \$1,200,000. That line is subsidized to-day at \$400,000. The line obtained trade; the subsidy has been reduced two-thirds; and I think in that instance there is hope that it will be blotted out in a little time. Is it not possible that by subsidizing an American line in some form or other trade would be built up with that country, and after a time the line could support itself with a much less subsidy, or without any subsidy?

Mr. ROLPH. It is possible that it could support itself with a much less subsidy. I have very grave doubts whether the line would be continued if the subsidy was entirely withdrawn.

## KEEPING OUT OR PAYING OUT.

The CHAIRMAN. Now, just one more question, and then I am done. What difference is there, as a matter of fact, between taking money out of the Treasury in some form and giving it to a steamship line, or stopping the payment of the money before it reaches the Treasury by discriminating duties and denying the Government the use of that money? Perhaps I have not made that very plain. In the method of discriminating duties we keep from the Treasury 10 per cent. we will say, of the duty. What difference is there, as a matter of business, between that policy and allowing the money to get into the Treasury and then paying it out in some form of subvention or subsidy?

Mr. ROLPH. It is an expenditure on the part of the Government. You may call it a discriminating duty and you may call it a bounty; it is the same thing. It is applying the revenues of the country to upbuild the American merchant marine, and that is the main point.

The CHAIRMAN. As a matter of business, really it does not make much difference which way it is done!

Mr. ROLPH. Not very much.

The CHAIRMAN. Whether by stopping the money before it reaches the Treasury or paying it out afterwards.

Representative SPIGHT. Is there not this difference, that when the money is taken from the United States Treasury it comes from the pockets of all the taxpayers of the whole country, and every man must bear his share of the burden, but when the money is paid only to a few individual owners of ships a few men get the benefit of it and all the people pay it!

Mr. ROLPH. I do not quite understand you, Mr. Spight.

## THE COST AND THE BENEFIT.

Representative SPIGHT. An argument was made before us the other day at Portland, by a very intelligent man, who said that if \$25,000,000 were paid annually from the United States Treasury in order to save the \$200,000,000 that are now being paid out to foreign vessels carrying our products, it would be a good investment to pay out the \$25,000,000 in order to save the \$200,000,000. The point, is that the \$25,000,000 is paid from the United States Treasury, and will have to come from the taxpayers of the country. The \$25,000,000 would only go to the benefit of the shipowners from the taxpayers, and the \$200,000,000 go to everybody who runs a ship, whether he may be an American or foreign shipowner. Now, would there be any good policy in taking from the taxpayers this money to give it to a few shipowners?

Mr. ROLPH. Well, will not any expenditure on the part of the Government, either in discriminating duties or in subsidies, have to come out of the National Treasury?

The CHAIRMAN. And be taken from the entire people?

Mr. ROLPH. And be taken from the entire people anyway?

Representative SPIGHT. Only in the reduction of duties. If it would have the same effect as if it were paid directly from the Treasury, it would be a lower rate of duty charged, and it would apply only to the importer, of course.

Mr. ROLPH. I think the money would come right out of the whole people.

Representative SPIGHT. I wanted to get your idea on that point.

WOULD IT BE EFFECTIVE?

Representative HUMPHREY. I wish to ask you a question on this point, in reference to discriminating duties. I am not familiar with the condition in this port, but I imagine it is practically the same as on Puget Sound. Taking the discriminating duties on imports in Puget Sound for the past year at 10 per cent it would amount to about \$70 to each vessel; it would be practically nothing. So I think you had better investigate as to the figures here. If you had a discriminating duty of 10 per cent on imports in this port it would not probably amount to a hundred dollars a vessel per year—not enough to pay one seaman.

Representative SPIGHT. You are putting it on a very low basis when you make it only 10 per cent.

Mr. ROLPH. Yes. I do not think there is any comparison to be made, not making any disparaging remarks, Congressman Humphrey, between the ports of Seattle and San Francisco, in the matter of imports. I think our imports here are far in excess of those at Seattle.

Representative HUMPHREY. Not so far in excess as you might think. The exports are a little larger up there than they are here. I do not know what the imports are, but the exports from Puget Sound last year were larger than the exports from this port.

Mr. ROLPH. I wish to say that I had a lot of statistics just on this point, but when we were given to understand that the Commission did not want to have any statistics I cut them all out.

Representative HUMPHREY. I was calling attention to our imports there because I happen to be familiar with the figures. A discriminating duty of 10 per cent would not amount to anything there, and I fear when you figure on the port of San Francisco you will find the same condition to exist. While your imports are larger, the amount the Treasury receives is perhaps the same.

PACIFIC IMPORTS LARGELY ON FREE LIST.

Representative MINOR. I can readily see why shipowners on the Atlantic coast should favor discriminating duties, but I am unable to see what advantage it would be to the people on the Pacific coast, where your trade is with the Orient and where a large part of the products are on the free list.

Representative HUMPHREY. That is the point.

Mr. ROLPH. I think, Congressman Minor, the majority of the products from the Orient are on the dutiable list.

Representative MINOR. A large part?

Mr. ROLPH. Yes, sir; of imports from oriental ports.

Representative MINOR. You are trading with the west coast of South America too?

A FRIEND ON THE COMMISSION.

Mr. ROLPH. Yes, sir; and with South America it may be different. I want to say to you, Senator Gallinger, that we were very much gratified when Congress appointed you on this Commission. We felt

sure that we would have some good friends on it, and that something would be done to build up our American merchant marine. Since I have heard you speak on two or three occasions I feel more confident than ever that something must be done, and that what is recommended when you get through with the work of the Commission will be adopted by Congress.

Representative HUMPHREY. Just one word. Representing as I do a part of the Pacific coast—while I do not pretend to represent the Pacific coast any more than the whole country—I wish you would give the question of discriminating duties here in San Francisco a very close study, because I am sure that when you figure on it you will find that you would be doing perhaps a great favor to the Atlantic coast at the expense of the Pacific.

Mr. ROLPH. Now, Congressman Humphrey, it is not that spirit which prompted me to make the suggestion. It was a desire to have something done for the entire merchant marine, irrespective of the Pacific or irrespective of the Atlantic. We want to have a merchant marine. The question is: How are we going to get it? Even if the discriminating duties on our imports here are infinitesimal, should the merchant marine suffer on the Atlantic simply because we oppose it on the Pacific?

Representative HUMPHREY. I want something for both.

Mr. ROLPH. So do I; but even if we get only a small part of it here, it will help us.

The CHAIRMAN. We are very much obliged to you, Mr. Rolph.

#### STATEMENT OF EDGAR F. PRESTON.

Edgar F. Preston appeared.

The CHAIRMAN. Mr. Preston, will you kindly state to the Commission in what line of business you are engaged?

Mr. PRESTON. By profession an attorney at law. I have been for several years in the attorneyship of the Oceanic Steamship Company, and appear before you as the attorney of that company. I am not personally interested.

The CHAIRMAN. Over what routes do your steamships travel?

Mr. PRESTON. One to Honolulu, one to Tahiti, and one to Australia.

The CHAIRMAN. You are familiar with the inquiry this Commission is charged with?

Mr. PRESTON. In a general way; and I can speak of the operation of the steamships to these ports and the difficulties we have met; also from a very careful consideration of the postal act of 1891 of its practical operation as regards our steamships.

The CHAIRMAN. The Commission will be pleased to hear any suggestions you may have to make along the lines of their inquiry.

Mr. PRESTON. We have been brought into actual competition with English lines from Australia through the Suez Canal to England.

I might premise by saying that it is a matter of regret that the president of the corporation, Mr. John D. Spreckels, could not be present. I presume he has had as intimate a personal connection with the operation of the marine on this coast, not only steamers but sailing vessels from here to all parts of the world, as any gentleman I have in mind. He is absent from the city and the Oceanic Steamship Com-



pany felt that perhaps I had some experience which might be of value to the Commission. So I have come before you in his absence.

We have been considering this question carefully for two or three years, and it seems to me that the mercantile marine of America is laboring under three disadvantages. One is the cost of the plant, I might say, of the vessel to operate. The second is the increased cost of operation by reason of the higher wage that is paid to American officers and American sailors. The third is the subsidization of foreign lines by foreign countries, which give them governmental aid and assist in their competition as against the American marine.

#### THE POSTAL-AID LAW OF 1891.

The only assistance which we get (using the word "we" in the sense of the American steamships here) is the postal act of 1891. I say to you that without that act that line of steamers could not be maintained to Australia, and it could not be maintained to Tahiti, and to maintain the line is sometimes all that can be done with the assistance of the Postmaster-General under that act.

The CHAIRMAN. What amount does your company receive by way of subvention?

Mr. PRESTON. We get \$2 an outward mile. Those steamships are required by the terms of that postal act to be built so as to meet certain requirements which would enable the Government to use them in cases of emergency as auxiliary cruisers. Their construction is such that they will maintain a certain armament of rifle guns. They are, of course, built under the American flag; they are the product of American shipyards.

I think the laws of trade and finance—the general laws that govern human nature—are immutable and unchangeable. I believe that to make a business successful it must be a profitable business. To induce capital to put money into American ships and sail them under the American flag you must make it profitable for American citizens to do that, and you must meet the conditions which American citizens to-day, who desire to use American ships in trade, are obliged to meet.

#### THAT LAW OUGHT TO BE BROADENED.

I am not speaking as an individual, but in a general way for the gentlemen who are operating the Oceanic Steamship Company. In expressing, I think, the combined sense of those gentlemen it is my idea that a widening of the provisions of the present act would be very desirable, and as it is a matter of the commerce of the United States, the upholding of the commercial flag of the United States in foreign seas, probably it had better be relegated to the Department of Commerce and Labor. The fostering of the commerce of the United States of America belongs there. While we have no complaint of the Postmaster-General and no complaint of treatment by the postal authorities, yet there is an incongruity in Governmental provisions which permit the Postmaster-General to create postal routes, and in that way further the maintenance of an American marine under the American flag.

I do not believe that the shipping of this country can be maintained unless it has the same governmental assistance that is given to the ship-

ping of the countries which are in competition with us for our trade and for the construction of the ships of the world, and unless our ships are paid as those Governments pay the vessels that carry their flag, it is a handicap upon American shipping. The commercial supremacy of England has been maintained for many years through her shipping, and the knowledge which the leading minds of England have of the laws of commerce and the laws of trade and the necessities of a marine have crystallized in to the subsidization of vessels carrying their flag.

#### EXTEND ITS BENEFITS.

I believe that the law of 1891, which we call the postal law, had better be amended so as to extend to a degree its benefits to vessels which carry the flag but which do not carry the mail. It is not for me to take up your time with the detail or the manner in which that is to be done, but there should be some way provided so that the American citizen who puts American dollars into an American vessel and sails her under the American flag should get the same assistance from his Government that the foreigner gets from his. The amendment of that postal law and extending the benefits regardless of the carrying of the mail, but in the direct form of assistance to the merchant marine, is the primal necessity.

I will say, parenthetically, that being brought in competition with the steamships that ply through the Suez Canal, we consider that there is a difference of about \$35,000 a year in the cost of the operation of our steamships as against theirs. I do not know whether that is true with regard to Australia. However, I do know that in the case of the Oriental lines running through the Red Sea and coming to the southern parts of Europe the crews are largely Lascars on those steamships.

I believe that the experience of our company and the results of its operations in the south Pacific waters have convinced us that a general subsidization under proper restrictions and proper laws is what the American marine most needs, because we must meet the conditions; and we have a right to expect the same paternalism, the same protection to our ships, that foreign countries give to theirs.

#### THE AUTHORITY FOR SUBSIDIES.

Representative SPIGHT. Mr. Preston, do you think there is any probability that under our system of government we have no constitutional authority to take from one industry to give to another without anything in return?

Mr. PRESTON. The United States, Mr. Congressman, is a whole. When you upbuild one part of this country you upbuild all. When the American shipowner gets his money and his business becomes profitable by reason of the assistance of the American Government he returns that money back into the field and it increases the general prosperity of the country. He does not take it away like the Chinaman.

Representative SPIGHT. But what does the Government get in return for this direct gift?

Mr. PRESTON. The wealth and prosperity of its citizens, which is the primal thought of every government.

Representative SPIGHT. You think there is no question as to our authority to do that?

Mr. PRESTON. I think the Constitution of the United States, under the interpretations which have been given to it in the past, authorized the Federal Government to protect its flag and its commerce on foreign seas by subsidies if necessary.

The CHAIRMAN. It has been considerably strained by appropriations to exterminate the boll weevil, has it not?

Mr. PRESTON. Somewhat.

The CHAIRMAN. And the \$9,600,000 dollars that were advanced to the St. Louis Exposition, using that as an illustration?

Mr. PRESTON. Somewhat.

The CHAIRMAN. You do not think it would be more unconstitutional to help shipping than to make those appropriations?

Mr. PRESTON. I think not. I believe that the thought of the advanced American citizen to-day is that whatever is good for any class, for any industry, is good for the whole country. We can not upbuild it as an integral whole; it is only to be advanced portion by portion.

#### TWO KINDS OF SUBSIDIES.

Representative SPIGHT. Is there not a material difference, however, between the payment of mail subsidies and a direct gift without anything in return to the Government?

Mr. PRESTON. There is something in return to the Government, because there can be the same requirement in the mail subsidy that there was in the postal act, which was the sop to Cerberus, that these vessels shall be amenable to use by the United States in a case of emergency. They may cover the form of construction so as to make them useful in a case of emergency.

Representative SPIGHT. I can understand how that may be done, but that is only problematical; it is only theoretical.

Mr. PRESTON. It is not theoretical.

Representative SPIGHT. In the mail subsidy there is a direct return to the Government, because the compensation paid the line is in return for a service actually rendered the Government at the time.

The CHAIRMAN. Absolutely out of proportion, however, to the value of the service.

Representative SPIGHT. There is no question of that.

Mr. PRESTON. Certainly; it is a subsidy in fact, and we might as well meet the issue and have the courage of our convictions.

Representative SPIGHT. Based upon service?

Mr. PRESTON. Upon service. If a man puts his capital into a vessel and uses the specifications required by the United States Government and agrees that in cases of necessity she shall assist the Government and fly her flag and fight on the ocean, that is service; it is the highest kind of service.

Representative SPIGHT. Service possibly to be rendered?

Mr. PRESTON. Certainly, sir.

Representative SPIGHT. That is all.

The CHAIRMAN. I thank you, Mr. Preston.

## STATEMENT OF NICHOLAS JORTALL.

Nicholas Jortall appeared.

The CHAIRMAN. Mr. Jortall, in what line of business are you engaged?

Mr. JORTALL. I am a sailor.

The CHAIRMAN. Following the sea at the present time?

Mr. JORTALL. Yes, sir.

The CHAIRMAN. The Commission will be pleased to hear anything that you may wish to submit.

Mr. JORTALL. Of course I am a member of the Sailors' Union. Some three weeks ago my organization requested me to furnish a report as an organization of the length of time of the men sailing from the coast, the wages, and nationalities. This report is tabulated and taken from the records of our organization. It shows that the average length of time men sail on this coast is about two and a half years. Out of 17,237 men who are on the membership rolls, at the present time we have 3,442. It shows further that the Americans number less than 5 per cent, and that during the nineteen years of the existence of our organization but 1,397 Americans joined the organization.

Representative MINOR. Five per cent are native seamen?

Mr. JORTALL. Native seamen.

Representative MINOR. It does not include the naturalized seamen?

Mr. JORTALL. No, sir; it does not.

The CHAIRMAN. Have you any data to show what is the proportion of naturalized Americans?

Mr. JORTALL. We have not, Senator. Men, when they join the organization, are asked whether they are naturalized citizens or not. In the majority of cases they come from foreign countries and they are encouraged to take out first papers of naturalization, but, of course, as a matter of fact, sailors do not report whether they do or not, and in some cases they do not. We have no regular data as to that.

The CHAIRMAN. Is there anything further that you desire to submit, Mr. Jortall?

Mr. JORTALL. I desire to submit this report.

The CHAIRMAN. It will be printed in the proceedings of the Commission if you hand it to the stenographer.

Mr. JORTALL. It shows the percentage of different nationalities, the length of time they have been on this coast, the wages, and so forth. It will also show that men, as a matter of fact, do not follow the sea for any length of time. After being here two or three years they generally seek some occupation ashore. As the membership of our organization contains all the men who are sailing on these waters, it is a perfect record of the men who sail on the Pacific coast in the merchant marine, on deck.

The report referred to is as follows:

SAILORS' HALL, *San Francisco, Cal., July 30, 1904.*

SAILORS' UNION OF THE PACIFIC.

COMRADES: Your committee appointed for the purpose of ascertaining the approximate length of time men sail on this coast, the ever-occurring fluctuations in the membership, the ages and nationalities thereof, herewith respectfully submit, in tabulated form, its report.

It will be noted in Table I (showing the yearly enrollments and discontinuances) that the enrollments date from 1885, while the discontinuances date from 1891, with the additional discontinuances from 1888 to and including 1890, lumped for those three years. As no other available data was at hand than the old roll books of the Coast Seamen's and Steamship Sailors' Unions, and as the time was limited within which the work had to be completed the committee deemed it best to use only those records kept by the present organization.

Table II shows the duration and fluctuations in the membership and the present active membership up to and including March 31, 1904. In the table showing the duration of membership it will be noted that the greatest number of discontinuances occurred during the years 1892-93, caused partially by the prevailing hard times, but mainly due to the rigorous enforcement of the law passed by the Congress in 1890, whereby all the penal clauses of the shipping commissioners act were made applicable in the coastwise trade; the second great exodus took place during the years 1901, 1902, and 1903, resulting from entirely different causes—namely, the Alaska gold rush and remunerative employment on shore throughout all parts of the Pacific coast.

It will be noted by a perusal of the tables that there is an ever-increasing tendency to quit the sea, a condition which will continue until such time as laws and conditions generally on board ship will place the seamen on the same level as mechanics on shore.

The tables herewith submitted are correct statistical abstracts from the roll books.

Respectfully submitted.

N. JORTALL,  
JNO. V. THOMPSON,  
*Committee.*



## DISCONTINUED PACIFIC COAST TRADE.

Countries.	Year.																Total number of men.	Percent- age.
	1888.	1889.	1890.	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	1901.	1902.	1903.		
Sweden.....	125	109	152	205	248	249	109	87	88	112	115	162	204	270	287	591	0.197	
Norway.....	123	92	69	87	130	185	101	98	83	83	144	102	172	265	287	580	2.553	
Finland.....	92	78	74	74	120	130	55	54	52	46	77	69	135	144	157	319	1.476	
Germany.....	79	50	60	68	63	29	28	45	49	57	65	57	101	185	170	282	1.890	
United States.....	49	39	50	57	73	24	28	28	33	23	32	50	104	215	166	301	1.996	
Denmark.....	89	53	53	78	98	98	36	29	33	23	32	57	51	81	99	196	.069	
England.....	71	51	78	71	98	98	36	29	17	19	30	33	62	91	89	181	.060	
Ireland.....	94	53	53	71	85	71	19	35	17	8	18	20	23	63	62	96	.041	
Russia.....	7	18	24	26	26	26	9	6	19	18	15	17	23	36	25	99	.024	
Scotland.....	24	18	30	38	5	5	5	22	14	8	14	11	16	28	43	68	.024	
British North America.....	11	19	14	14	15	8	11	9	9	4	12	7	16	39	37	62	.018	
France.....	4	4	4	4	4	4	5	6	6	4	7	11	17	17	20	29	.011	
Italy.....	12	4	4	3	3	3	2	6	6	3	6	6	11	14	31	31	.010	
Holland.....	8	6	6	2	16	1	1	5	5	2	3	6	12	16	10	22	.008	
Australia.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.008	
Portugal.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.006	
Belgium.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.006	
Spain.....	1	3	2	4	.....	1	2	2	2	1	3	3	1	8	5	14	.002	
Miscellaneous.....	8	17	34	30	12	16	14	14	11	26	23	45	116	69	109	580	.031	
Total.....	(a) 748	687	954	1,254	448	445	433	599	615	1,020	1,539	1,567	2,913	13,796	.....	.....	.....	
Age discontinued.																		
Number of men.																		
20 to 30 years.....																	6,824	
30 to 40 years.....																	4,740	
40 to 50 years.....																	1,775	
Over 50 years.....																	457	
Total.....																	13,796	

Age discontinued.

	Number of men.
20 to 30 years.....	6,824
30 to 40 years.....	4,740
40 to 50 years.....	1,775
Over 50 years.....	457
Total.....	13,796

<sup>a</sup> The available records do not permit a segregation year by year of the discontinuances for 1888, 1899, and 1890; but the figures given are accurate totals for the full period of these three years.

TABLE No. 2.—*Showing as to sailors in the Pacific coast trade, the duration of each seamen's service in the trade, the duration of the service of seamen in that trade considered by nationality, the fluctuation of numbers in service year by year, and the number now engaged in that trade, with deduced percentages.*

## TERMS OF SERVICE IN THE PACIFIC COAST TRADE.

[The right and left columns show, by years, the total number of sailors discontinuing service in the Pacific coast trade; the twenty other columns show in what years seamen so discontinuing began service.]

Year.	1885.	1886.	1887.	1888.	1889.	1890.	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	1904.	Total.
When men discontinued sailing on the coast:																					
1891.....	40	66	97	85	84	104	211	138													687
1892.....	69	72	142	137	96	112	189	142													904
1893.....	89	121	166	174	118	142	196	200													1,254
1894.....	22	30	61	66	36	33	31	23													448
1895.....	15	17	29	28	24	21	29	19													484
1896.....	19	15	16	25	12	16	19	12													445
1897.....	12	9	16	18	17	8	18	3													445
1898.....	16	7	25	14	17	14	11	9													483
1899.....	12	7	17	15	14	11	11	3													599
1900.....	15	13	21	17	18	10	15	8													615
1901.....	4	11	13	9	10	4	23	2													1,020
1902.....	10	14	17	20	9	9	7	7													1,689
1903.....	32	26	40	33	22	17	23	7													1,557
Total.....	355	408	660	641	466	507	729	327	311	229	523	456	597	316	894	1,412	1,520	1,211	986		13,048
Men now sailing.....	37	39	51	45	32	18	26	14													3,441
Men discontinued sailing on the coast between the years 1893-1891.....																					748
Total.....																					17,237

## NUMBER OF YEARS MEN SAILED.

Number of years.	Number of men.	Percent- age.	Number of years.	Number of men.	Percent- age.
Less 1.....					
1.....	6,147	0.298	Less 11.....	118	0.006
2.....	3,186	.184	12.....	109	.006
3.....	2,659	.164	13.....	106	.006
	1,487	.086	14.....	98	.006



4.....	1,178	.068	15.....	106	.006
5.....	862	.068	16.....	108	.006
6.....	698	.040	17.....	87	.005
7.....	496	.028	18.....	71	.004
8.....	326	.013	19.....	37	.002
9.....	163	.009	Total.....	17,237	.....
10.....	141	.008			

MEN NOW SAILING IN PACIFIC COAST TRADE.

[The figures show how many out of each year's total of seamen sailing in the Pacific coast trade yet continue therein.]

Countries.	Years—																			Total.	Percent- age.
	1885.	1886.	1887.	1888.	1889.	1890.	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	1901.	1902.	1903.		
Sweden .....	11	11	11	15	6	3	9	4	4	6	6	14	24	50	69	106	83	113	154	44	
Norway .....	8	5	12	10	4	4	3	4	3	6	9	8	16	33	49	76	94	138	167	76	
Finland .....	7	7	6	8	4	5	7	2	2	6	8	8	26	26	25	47	65	71	121	24	
Germany .....	7	6	7	3	2	2	1	1	1	1	6	6	7	13	26	40	56	69	114	34	
United States .....	1	1	2	4	3	2	1	1	1	1	1	2	1	3	9	23	27	24	75	22	
Denmark .....	3	4	3	3	3	2	1	1	1	1	2	2	1	6	13	18	34	49	73	16	
England .....	2	3	3	1	4	1	2	1	1	1	2	1	2	5	8	14	15	14	39	17	
Ireland .....	1	1	1	1	1	1	2	1	1	1	3	1	3	5	10	13	20	16	15	10	
Russia .....	1	1	1	1	2	1	1	1	1	1	2	1	1	5	8	10	15	33	84	7	
Scotland .....	1	1	1	1	2	1	2	1	1	1	3	1	1	1	6	4	9	4	13	6	
British North America .....	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	6	10	8	9	48	
France .....	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	6	3	3	14	3	
Italy .....	1	1	1	1	1	1	1	1	1	1	1	2	1	2	2	2	2	3	7	2	
Holland .....	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	3	6	3	12	1	
Australia .....	1	1	2	1	1	1	1	1	1	1	1	1	1	1	1	2	2	4	1	5	
Portugal .....	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	6	2	
Belgium .....	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2	
Spain .....	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	1	1	
Miscellaneous .....	1	3	2	45	32	18	26	14	14	18	40	45	93	157	239	382	458	574	882	15	
Total .....	37	39	51	45	32	18	26	14	14	18	40	45	93	157	239	382	458	574	882	277	
																				3,441	

N. JORTALL,  
JNO. V. THOMPSON,  
Committee, Sailors Union of the Pacific.

**STATEMENT OF ANDREW FURUSETH.**

Andrew Furuseth appeared.

The CHAIRMAN. Mr. Furuseth, will you state to the Commission what your present occupation is?

Mr. FURUSETH. Secretary of the Sailors' Union of the Pacific. The union includes all the men sailing in the coastwise trade and in the nearby foreign-country trade, and in the trade from this port to a foreign port in vessels owned on this coast, except the steamship trade between here and the Orient, which is exclusively manned by Chinese shipped in Hongkong.

I would say a couple of words more upon the value of the statistics that we have submitted to you. When a man comes into the organization (and he comes into the organization when he comes on the coast practically) we take his home address, his age, where he was born, his personal description, the address of his nearest relative, how long he has been on the coast, how long he has been to sea. That is put down in our books, not for any purpose such as has been used at this time, but we put it there for our own purpose years ago. In looking over those records constantly, and finding the fluctuations, finding that men always seek other employment whenever there is an opening for them into any other employment, and that, to use a sailor's phrase, we simply go to sea to wear out our old clothes, and, having made the statement in Washington on several occasions, and having it somewhat doubted, I thought this was a good time to give you the opportunity of getting the actual facts in the matter.

**A WORLD-WIDE DRIFT FROM THE SEA.**

The reason why men leave the sea does not appertain particularly to the United States any more than to other nations. The facts are that there has been an improvement in the condition of working people on shore, an increase in their wage, and an improvement in their condition, such as to make it a hundred per cent in many instances, in many instances 200 per cent, above the sea condition. You will readily see that that will have the tendency to bring men to the shore instead of bringing them from the shore to the sea.

The seamen's wages all over the world, in so far as it has been untouched by organization, have practically stood at the same level since 1870; that is, for thirty-four years. The wages, whatever may be said to the contrary, depend not upon the flag, but upon the port and the trade in which the vessel is engaged. Thus, here in San Francisco, the wages going up the coast in a coastwise vessel are \$40 a month. Going to the Sandwich Islands it is \$35 a month; going to Australia, \$25 a month; going to Europe, \$20 a month. It does not make any difference whether the vessel is English, American, or European, she has got to pay the same. She pays the same out of this port. In deep-water business, when absolutely uninfluenced by organization, it depends upon the number of men available for shipment, and upon the amount of money the shipowners are willing to pay as a premium to men who furnish men for vessels, in order that they should furnish them as so many men at a certain figure. That is what we call the crimping system, the blood-money system.

With legislation which is yet in existence and which was no doubt good fifty years ago, but which is obsolete at the present time, it has been impossible for the seamen with their best intentions and their best endeavors to keep pace with the condition of the men on shore. As a result it is natural that men go from the sea to the shore. You find them in all kinds of occupations; and these tables will show that the better the times the more men go off.

THE LIVERNASH BILL.

The CHAIRMAN. To interrupt you one moment, Mr. Furuseth, very grave complaint was lodged with the Commission on the Atlantic coast in reference to what is popularly termed the "crimping" system. Have you any suggestions to make to the Commission as to methods that would improve that matter?

Mr. FURUSETH. Oh, yes.

The CHAIRMAN. Will you treat that in your remarks this morning?

Mr. FURUSETH. Yes. There was a bill drawn by our organization here on this coast, afterwards submitted to a lawyer, afterwards again submitted to our national convention, and finally submitted to Mr. Livernash and again polished up somewhat and submitted to the last Congress. If that bill could be made into a law there is no doubt that it would improve the condition of seamen to a very material extent, and that it would improve it in such a way as to be possible to have the American boy get to sea again and the American man stay there.

The CHAIRMAN. I will state that in Boston a representative of the Seaman's Union presented that bill to us, section by section, and discussed it, and it has become part of our records. So it will be hardly necessary to go over that measure in detail.

Mr. FURUSETH. I shall not take up much of your time here because almost everything I have to bring to you I have either in print or writing, and we want to file it with you, realizing that your time is very short.

WATCH AND WATCH.

I should like to call your attention very briefly to the question of watch and watch; that is, the hours of labor. The men get watch and watch; that is, one day they have ten hours' duty and the other fourteen; and so it ought to be. If they get watch and watch they get sleep enough, and can be then held to do their duty properly in keeping lookout, etc., while the vessel is in motion. But where men are kept on deck all the day, or in the afternoon, and get only six hours sleep in the twenty-four, and are liable to be called out at any time during the six hours, as a matter of fact they do not get sleep enough under those conditions.

Now, the majority of shipowners give watch and watch. The majority of shipowners, as I know them, like other men, go naturally by conditions. What we are asking for here is not something that we think is going to hurt the ship. We think it is going to improve and better the condition of everybody—both officers and shipowners. But we ask that it be made into a law as it is written in this paper. Among shipowners, as other men, there are some who shave as close as they can, and they compel other men not so disposed to do the same as they. In order to get them all on an equality we ask for certain legislation and that that bill be enacted into a law.

## THE "RIO" AND THE "QUEEN."

There is one particular thing that I want to call your attention to as strongly as I can with reference to that bill. We ask that there be a standard of efficiency—that men be not permitted to go to sea as able seamen when they are not seamen. Cow punchers do well on shore, but they do not do well on board a vessel. We have several evidences of that. As an evidence of the inefficiency of the crew, I beg here to file the decision of the court of appeals in the case of the steamer *Rio*. She was manned by Chinese. If she had been manned by seamen capable of understanding the language there would have been no reason for the loss of any of the people on board, because it was ten minutes from the time she struck until the time she sank, and it was in perfectly smooth water. There is no excuse for such an enormous loss of life inside San Francisco Bay.

As an offset to that we have the steamer *Queen*. She caught on fire out on the Pacific coast here last winter. She caught fire in the stern and she had a large number of passengers. There was considerable of a gale on, and with such a crew as the *Rio* had there would never have been anything heard of the *Queen*. As a matter of fact, there were only a few men lost, and they took the passengers off and kept them away from the vessel in the boats. After they quelled the fire, in coming back again one of the boats was not well handled and the vessel had a guard around her, and the boat got under the guard and a few men were drowned. That is the difference between a crew of seamen and such a crew as the *Rio* had.

Therefore we think that in the interest of human life and in the interest of property and in the interest of working people, those who are fitted for the work, there ought to be some regulation, and that men who contract to do certain work on board a vessel should be capable of doing it.

In these papers here that I beg leave to file you will find these matters dealt with separately, more fully, and fairly.

The papers referred to are as follows:

## DATA SUBMITTED BY SAILORS' UNION OF THE PACIFIC.

Decision in *Rio* case; editorial on *Rio* decision (Coast Seamen's Journal); appendix (H. R. 13771); editorial on appendix (Coast Seamen's Journal); the Seamen's bill (H. R. 13771); editorial, The Soul of the Ship (Coast Seamen's Journal); editorial, Seamen and Slaughtermen (Coast Seamen's Journal).

## LOSS OF LIFE CAUSED BY CHINESE.

[Decision of United States circuit court of appeals, San Francisco, Cal., May 9, 1904.]

In the United States circuit court of appeals for the ninth circuit. In the matter of the petition of the Pacific Mail Steamship Company, owner of the steamship *City of Rio de Janeiro*, for limitation of liability. No. 1035. Upon appeal from the United States district court for the northern district of California.

Before Gilbert and Ross, circuit judges, and Hawley, district judge. Argued by William Denman for all claimants and appellants, and by Charles Page for Pacific Mail Steamship Company, respondent. R. P. Henshall, Gavin McNab, Richard C. Harrison, R. H. Cross, A. Morgenthal, et als., appearing for various claimants.

Ross, circuit judge, delivered the opinion of the court:

The steamship *City of Rio de Janeiro*, whose home port was San Francisco, on entering the Bay of San Francisco on the 22d day of February, 1901, on one of her return trips from Hongkong and intermediate ports, struck a reef of rocks near the Golden Gate, and within twenty minutes sunk beneath the waters, carrying down a large number of her passengers and crew and all of her cargo. Shortly thereafter, to wit, March 19, 1901, the Pacific Mail Steamship Company, owner of the ship, filed in the court below its petition for limitation of liability, alleging therein that the sinking of the ship occurred by reason of the perils of the sea, and praying for a limitation of liability and for the privilege of contesting any liability for the losses that occurred. The court below directed a reference to its commissioner to ascertain and report the value of the ship and freight pending. Evidence was taken showing the amounts collected by the petitioner on the ship's outward voyage for passage money and freight, and the amount received and agreed to be paid upon the return voyage.

In respect to the question of freight pending it was shown that all goods lost had been shipped under bills of lading containing these provisions:

"Freight for the same to be paid in United States gold coin, said freight to be considered earned, steamer or goods lost or not lost at any stage of the entire transit. \* \* \* The foregoing bill of lading is issued subject to the terms and conditions of an act of Congress of the United States of America, approved February 13, 1893, entitled 'An act relating to navigation of vessels, bills of lading, and to certain obligations, duties, and rights in connection with the carriage of property' (acts of Fifty-second Congress, second session, p. 445, chapter 105), the provisions of which are hereby made a part hereof, and are deemed to control and express the contract of the parties hereto in all cases where there may be (if there be any such cases) a difference between the expressed provisions of the bill of lading and the terms of such act of Congress."

Based upon evidence introduced before the commissioner, that officer reported to the court findings to the effect that the petitioner was, and still is, the sole owner of the steamship, the value of which, in its wrecked condition, was \$150; that the voyage which terminated in the wreck and loss of the ship began at Hongkong, China, on the 22d day of January, 1901; that the freight money collected at Hongkong and way ports for the voyage to San Francisco, and that which was to have been collected at the latter place, "is earned and the freight pending in this cause," and appraising the value of the ship and her freight pending as follows:

Steamship <i>City of Rio de Janeiro</i> and her tackle, apparel, machinery, and furniture .....	\$150. 00
Freight and passage money pending .....	24, 827. 93
Total .....	24, 977. 93

The commissioner took no account of the freight or passenger money collected on the outward voyage of the ship.

To his report the claimant, Sarah Guyon, administratrix of the estate of Henry Guyon, deceased, filed these exceptions:

"I. Claimant excepts to the following finding of said report and appraisal: 'I do further find that the voyage which terminated in the wreck and loss of the aforesaid steamship, at the entrance to San

Francisco Harbor, on the 22d day of February, 1901, began at Hongkong on the 22d day of January, 1901,' on the grounds:

"(a) That there is no evidence before the commissioner to show that the said voyage began at Hongkong, China.

"(b) That the evidence conclusively established that the voyage for which the freight was pending at the time of said wreck began at San Francisco, on or about December 14, 1900, and extended through the ports of Honolulu, Yokohama, Kobe, Nagasaki, Shanghai, to Hongkong and return to San Francisco, touching at the same ports in the reverse order.

"II. Claimant excepts to the following finding: 'I do further find the freight and passage money pending for the aforesaid voyage to be the sum of \$24,827.93,' on the grounds:

"(a) That the term 'aforesaid voyage' is ambiguous, and that it can not be determined therefrom whether the said term applies to the voyage on which the *City of Rio de Janeiro* was wrecked, or whether it refers to the portion of the voyage beginning at Hongkong January 22, 1901, claimant admitting the said sum to be the freight pending for the latter, but excepting to the said sum as a finding of the freight for the entire voyage.

"(b) That the evidence conclusively shows the freight pending for the voyage on which the *City of Rio de Janeiro* was wrecked to have been \$55,412.95.

"III. Claimant excepts to the following finding and appraisalment: 'I do further appraise the value of the said steamship and her freight pending, as follows:

Steamship <i>City of Rio de Janeiro</i> , her tackle, apparel, and furniture .....	\$150.00
Freight and passage money pending .....	24,827.93
Total .....	24,977.93

on the grounds:

"(a) That the evidence conclusively shows that the venture in which claimant was interested was the sending of the *City of Rio de Janeiro* on a voyage from San Francisco to Asiatic ports and return to carry for hire passengers, freight, and mails, and that the freight pending for the portion of the voyage from San Francisco to Hongkong, amounting to \$30,202.11, should be added to the \$24,827.93, earned on the homeward trip of the voyage, making the total appraisalment \$55,040.04.

"(b) That the evidence shows conclusively that the value of the ship after the wreck was \$500, and that this sum should be included in the said appraisalment.

"(c) That the appraisalment of the said vessel should be amended as follows:

Freight pending for venture .....	\$55,040.04
Wreck, \$500; boats, \$150 .....	650.00
Total .....	55,690.04

"Wherefore claimant prays that the said exceptions to the said report and appraisalment be allowed and that the said appraisalment be recommitted to the said commissioner, with instructions to amend the same by adding thereto the item of \$30,212.11, as for freight pending for the outward trip of the voyage on which the said steamship sank, and the item of \$500, as for the value of the ship after the wreck."

The petitioner also filed the following:

"Petitioners except to the following finding of said report and appraisalment:

"And that which was to have been collected at San Francisco."

"Wherefore, petitioners pray that the said appraisalment be recommended to the said commissioner, with instructions to amend the same by deducting the sum of \$13,729.17 for freight which was to have been collected at San Francisco."

All of the exceptions were overruled.

Various claims having been filed for damage by reason of loss of life, and for loss of goods, baggage, etc., the case came on for trial before the court upon its merits. The court found and held that the sinking of the ship was not due to any peril of the sea, but to the gross negligence of her master and pilot; after which the petitioner moved for a reduction of the bond so far as it represented freight pending, which motion was denied.

In and by its final decree the court below awarded damages to various of the claimants who were representatives of lost passengers, or who had themselves suffered injury in amounts aggregating \$35,125, but limited the liability of the petitioner for such damages to the sum of \$24,977.93, with interest thereon from March 19, 1901, which sum, with interest, was directed to be paid into the registry of the court within ten days and to be apportioned among the various claimants to whom damages were so awarded, after the payment out of such fund of all the costs of the proceeding, except the cost incurred in the proceedings relating to the appraisalment of the steamship, and her freight pending, which the petitioner was directed to pay.

The court held against the claims of Clara Barwick and Ruth Miller, as executrix of the estate of Sarah Wakefield, deceased.

From the decree various of the claimants, as also the petitioner, have appealed. The ground of the petitioner's appeal is that, inasmuch as the court below found and held that the loss occurred solely by reason of the negligence of the ship's officers, and not by reason of any peril of the sea, it erred in holding that pending freight included any prepaid freight or prepaid passage money, or any uncollected and uncollectable or unearned freight, and that, instead of limiting the liability of the ship to \$24,977.93, it should have been limited to the sum of \$4,483.53, which latter sum, it is contended on the part of the petitioner, is the aggregate amount of the value of the ship and her freight pending.

The main ground of appeal of those of the claimants whose appeal is from that portion of the final decree adjudging "that the liability of the Pacific Mail Steamship Company for said damages be and hereby is limited to the sum of \$24,977.93, and interest thereon from March 19, 1901," is that the crew of the lost steamship "spoke and understood only the language of a race and nation different from the officers immediately in command over them in the launching of the lifeboats on said vessel, and that they could not speak or understand the commands of said officers, and that they had never been drilled in the launching of the lifeboats to train them to launch the same without commands, and that the said crew was therefore not sufficient at all times to man said steam vessel carrying passengers, and that the injury to claimants arose from said insufficiency," and "that the officers of

the said *City of Rio de Janeiro* in command of her eleven lifeboats could not speak any language which the members of the crew immediately under their command in launching said boats could understand, which said crew had not been trained in launching said boats, and, therefore, that said Pacific Mail Steamship Company has not supplied a full complement of officers, sufficient at all times to manage a steam vessel carrying passengers, and that the injuries to the claimants arose through said insufficiency."

It is apparent that if this position of the claimants is well founded, the petitioner is not entitled to any limitation of its liability, the questions presented on its appeal become immaterial, and the claimants to whom damages were awarded by the court below will be entitled to judgment for the full amounts so awarded them, together with their costs, whether the voyage on which the disaster occurred should include the round trip from San Francisco to Hongkong and back, as contended on the part of the claimants, or is limited to the return trip from Hongkong to San Francisco, as contended on the part of the petitioner.

The record shows that the disaster occurred about half past 5 o'clock on the morning of February 22, 1901. The fog was so dense that the day afforded no light. It was very dark, but the water was smooth, and there was but little, if any, list to the ship as she sank, which she did in twenty minutes from the time of striking the rocks. She carried 211 persons and 11 lifeboats, 3 of which were swung by davits from the sides of the ship, and 8 of which were on skids on the roofs of the deckhouses. Their equipment and the apparatus for launching them was good. The evidence is that, under such conditions, five minutes was ample time for the lowering of the boats. It further shows that there was no panic among the passengers or crew, that the passengers behaved well, and that the captain, immediately upon the ship's striking the rocks, sounded the alarm and called the crew to the boats. Each of the boats was commanded by a white officer and manned by a part of the Chinese crew. Yet but three of the eleven boats were lowered into the water, one of which (the aft quarter boat No. 10) was lowered by Officer Coghlan and the ship's carpenter, and but three of the hundred and odd passengers that the ship carried were taken into any boat. There must, in the very nature of things, have been some paramount, controlling cause for all this. And that cause, we think, is very easily to be seen. It was not merely for the reason that the men depended upon to man the boats were Chinese. To the contrary, the evidence is that the Chinese make excellent sailors. We extract the following from the testimony of Captain Seabury, a most competent and experienced mariner, and who, at the time of giving his testimony in this cause, had completed his sixty-fifth round voyage from San Francisco to the Orient for the petitioner:

"A. Every time I have been to sea on this side of the Continent, and every time I had had a white crew, we have always had trouble with them, getting drunk, especially sailing days. At times at sea—when I ran to Australia, where I made five voyages—twice we had a white crew, and there was scarcely a day but I did not have to go to the police court on account of some row that they made. I have always found the Chinese crew obedient, able to do their work, and always on hand in bad weather, and not eye servants; you do not have to watch them in the ordinary run of work.



"Q. During these sixty-five voyages, Captain Seabury, have you ever encountered any typhoons?—A. Yes, sir; two or three.

"Q. And any bad weather?—A. Yes, sir; I had a very bad one last September.

"Q. At the time did you have a Chinese crew?—A. Yes, sir; on this same ship.

"Q. How did they behave in time of peril?—A. As well as any men could possibly behave. They never stow away in dark nights in bad weather. They are always right there, and you can always make sure of them.

"Q. Have you ever seen them in time of wreck?—A. I have never been wrecked, not since I have been steamshipping. I have in sailing schooners. We had pretty nearly a wreck on the *Alaska* in 1879, and had to turn back.

"Q. With a Chinese crew?—A. Yes, sir.

"Q. Did they behave well?—A. Yes, sir.

"Q. How many men have you on the *China* now in your crew? By the word 'crew' I mean sailors. I do not mean men in the steward's department, or men in the steerage department, or men in the fire-room. I mean crew—sailor men.

"Mr. DENMAN. I object to the question as incompetent, irrelevant, and immaterial, and in no way referring to the *City of Rio de Janeiro*, the ship in issue.

"A. Thirty-two.

"Mr. McALLISTER. Thirty-two men?

"A. Yes, sir.

"Q. Can any of these men speak English?

"Mr. DENMAN. The same objection.

"All of them can speak English. Some can not speak quite so well as others, but all of them can understand when you give them an order about the ship.

"Mr. McALLISTER. Can you give to a majority of that crew yourself an order in English to haul this rope, or do this, or that, whatever you saw fit?

"A. Yes, sir.

"Q. And would they understand you?—A. Yes, sir."

But how about Chinese sailors, or sailors of any other class or race, who can not understand the orders that become necessary in the course of their duties because of a lack of knowledge of the language in which they have to be given? That's the question we have to consider and determine here.

It is declared by section 4463 of the Revised Statutes of the United States that "No steamer carrying passengers shall depart from any port unless she shall have in her service a full complement of licensed officers and full crew, sufficient at all times to manage the vessel, including the proper number of watchmen. But if any such vessel is deprived of the services of any licensed officer, without the consent, fault, or collusion of the master, owner, or any person interested in the vessel, the deficiency may be temporarily supplied until others licensed can be obtained."

It is, as was said by Judge Hawley in *re Meyer* (74 Fed. Rep., 885), "the duty of the owners of a steamer carrying goods and passengers, not only to provide a seaworthy vessel, but they must also provide

the vessel with a crew adequate in numbers, and competent for their duty with reference to all the exigencies of the intended route"—not merely competent for the ordinary duties of an uneventful voyage, but for any exigency that is likely to happen, such, for example, as unfortunately did happen in the present case—the striking of the ship on a reef of rocks, and the consequent imperative necessity for instant action to save the lives of passengers and crew. The duty rested upon the petitioner to be prepared for such an emergency, not only by reason of the statute cited, but by the general maritime law. In the case of the bark *Gentleman* (Olcott, 115), it was held that the owners were liable for furnishing an inadequate crew, which they shipped at Gambia River, West Africa, large enough in numbers, but sick with fever. In *Tait v. Levy* (14 East., 482), it was held that where the captain did not know the coast, and entered the enemy's port, and was captured, the vessel was "incompetently fitted out," because there was no proper master for the purpose of the voyage. In *Parsons v. Empire Transportation Company* (111 Fed. Rep., 208), we held that where the owners appointed an incompetent superintendent to manage ships in Alaskan waters, they were not entitled to a limitation of liability for loss arising from sending out a barge in wintry and stormy weather. There can, in our opinion, be no doubt that the crew of a ship must be not only sufficient in numbers, but also competent for the duties it may be called upon to perform. The case shows that the *City of Rio de Janeiro* left the port of Honolulu on the voyage under consideration with a crew of 84 Chinamen, officered by white men. The officers could not speak the language of the Chinese, and but two of the latter—the boatswain and chief fireman—could understand that of the officers. Consequently, the orders of the officers had to be communicated either through the boatswain or chief fireman, or by signs and signals. So far as appears, that seems to have worked well enough on the voyage in question until the ship came to grief and there arose the necessity for quick and energetic action in the darkness.

In that emergency the crew was wholly inefficient and incompetent, as the sad results proved. The boats were in separate places on the ship; the sailors could not understand the language in which the orders of the officers in command of the respective boats had to be given; it was too dark for them to see signs (if signs could have been intelligibly given), and only one of the two Chinese who spoke English appears to have known anything about the lowering of a boat, and there had been no drill of the crew in the matter of lowering them. Under such circumstances it is not surprising that but three of the boats were lowered, one of which was successfully launched by the efforts of Officer Coghlan and the ship's carpenter, another of which was swamped by one of the Chinese crew letting the after fall down with a run, and the third of which was lowered so slowly that it was swamped as the ship went down. We have no hesitation in holding that the ship was insufficiently manned, for the reason that the sailors were unable to understand and execute the orders made imperative by the exigency that unhappily arose, and resulted so disastrously to life, as well as to property.

It results from what has been said that the court below erred in denying the appellant Clara Barwick's claim made on her own behalf and that of her minor children, for damages for the death of her husband, on the ground that he was a fellow-servant of the master and pilot of the ship.

The action of the court in respect to the claim of Ruth Miller, executrix of the estate of Sarah Wakefield, deceased, was in our opinion correct.

The judgment is reversed and the cause remanded, with directions to the court below to enter judgment against the petitioner, denying its application for a limitation of liability, and in favor of the respective claimants for the full amount of damages it has heretofore awarded them, with interest and costs, and in favor of the claimant Clara Barwick for such amount of damages as the court shall find from the evidence already taken, or that may be taken, she is entitled to by reason of the death of her husband, and by reason of the loss of his personal effects, and against the claim of Ruth Miller, as executrix of the estate of Sarah Wakefield, deceased.

(Indorsed:) Opinion. Filed May 9, 1904.

F. D. MONCKTON, *Clerk*.

[Editorial in Coast Seamen's Journal, San Francisco, Cal., May 18, 1904.]

#### THE "RIO" DECISION:

The recent decision of the United States circuit court of appeals at San Francisco has aroused the greatest interest in marine and legal circles. That the decision is of great importance may be judged from the fact, as reliably stated, that it is the first instance since 1853 in which the statutory limitation of liability has been removed. In its bearings upon the question of manning, the decision is likely to produce material results, not only in the matter of Chinese crews, but also as regards the employment of any class of foreign-born seamen. When it is considered that many American vessels, indeed, many lines of such vessels, are regularly manned by men who speak and understand a foreign tongue exclusively, the possible effect of the decision will be appreciated.

The Pacific Mail Steamship Company and other firms may decide, despite the decision in question, to continue employing foreign speaking crews, on the ground that it is cheaper to pay damages at rare times than to pay higher wages at all times. But the decision is likely to have an influence upon the legislation on the subject, which may result in the passage of measures prohibiting the employment of such crews. Now that the incompetence of Chinese crews in times of emergency has been judicially determined, Congress is not likely to rest satisfied with the assurance that such crews are competent in the general run of circumstances, but will probably insist that every vessel shall be manned by a "crew sufficient at all times to man the vessel." Seaman-ship—the genuine kind—is like a pistol. It is needed but rarely; but when it is needed, it is needed very badly.

Attorney Denman, who argued the *Rio* case for the claimants and appellants, made a splendid presentation of his position. From his remarks concerning the inability of the Chinese to launch the boats, and the contrast between these "dumb, driven cattle" and the resourcefulness of the white officers, we quote the following significant words:

"A few officers did what might be expected of sane and resourceful Anglo-Saxons under such circumstances. They came together hurriedly, and with their own hands successfully launched one boat. For them there was no time wasted in interpreting, no bungling of the

unfamiliar ropes, and swamping of boats in the smooth sea. The white men actually accomplished something, and their boat was the only one that took a passenger from the ship's side."

That which the white officers of the *Rio* accomplished was a mere suggestion of what would have been accomplished had the vessel been manned by a white crew. A white crew of able seamen and firemen would have launched every boat, rescued every soul on board and saved all the vessel's valuables in the twenty minutes that elapsed from the time of striking until the vessel sank.

In an addendum to his argument Attorney Denman submitted that "the decision should be that any crew of a passenger vessel is insufficient to cope with dangers of the sea requiring quick and concerted action which must be commanded through an interpreter." Continuing, Mr. Denman said:

"This would be equally true of a crew speaking German commanded by officers speaking French. Perhaps in an emergency there would be a wider breach between the oriental crew and its occidental officers than between Germans and Frenchmen. We will waive any such difference of race and religion and rest our case solely on the difference of language.

"The crew could be held insufficient and yet the Chinaman spared to the carrying trade of the Pacific by the following words in the decree: 'This passenger ship would have been sufficiently manned had the petitioner furnished it with a crew of Chinese sailors who understood the few simple English commands used in lowering the boats, or with officers who could give such commands in Chinese.'

From the legal point of view the definition here suggested of the term "sufficiently manned" may be quite proper. But from the practical seaman's point of view such definition is entirely inadequate. Moreover, it is impractical, if only for the reason that Chinese crews can not, in the nature of things, be taught to understand the "few simple English commands used in lowering the boats." Further, the understanding of commands does not constitute efficiency. Generally speaking, only the seaman who understands his work understands his commands. One might as well undertake to make a mathematician of a parrot by teaching it a "few simple commands" in algebra as try to make a seaman—a genuine seaman—of a Chinaman by teaching him the terms of the business. The chief merit of the decision in the "*Rio*" case is that it makes logically for the prohibition of Chinese or other crews of natural inefficients.

#### PROPOSED LEGISLATION FOR SEAMEN.

[H. R. 13771.]

[Reprinted in *Coast Seamen's Journal*, San Francisco, Cal., June 8, 1904.]

#### APPENDIX.

[Written by Hon. Edward J. Livernash, of California.]

#### THE AMERICAN SEAMAN.

Transportation by sea can be for a nation a tremendous means of wealth and diffused welfare or the opposite.

Naval power is of immense importance to every country not protected by insignificance, remoteness from the sea, or general incapacity for self-defense. In the case of the United States, acquisition of

Hawaii, Guam, Tutuila, the Philippines, and Porto Rico, together with conditions surrounding a canal uniting the Atlantic and the Pacific, has increased the necessity for naval effectiveness. There can be no naval effectiveness without skilled seamanship, and, other conditions being equal, supremacy is for the fleet having the most expert seamen. That navy, other conditions being equal, will have the greatest reserve of expert seamen which is backed by a maritime national spirit and a powerful, well-manned, self-respecting merchant marine.

The world tendency is at present from the sea. With the United States the tendency from the sea is manifested by capital as well as men, but more by men; and the over-sea merchant marine of this country has all but disappeared, carrying trade considered.

The tendency to impairment of maritime power by movement of men from the sea is met in Europe by national counter tendencies. The United States, both governmentally and otherwise, has been negligent of the dangerous movement carrying Americans from sea life.

To encourage the building of American ships is not necessarily to promote American seamanship or to increase the number of American seamen; American shipowners must be encouraged to seek American seamen, and American boys must be encouraged to turn to the sea and American adult seamen to stay there.

The laws of the United States should be so amended that forecastles shall be sanitary; that crimping shall cease; that seamen shall be paid on demand in any port of call and on discharge a reasonable percentage of wages earned; that standards of skill for the ratings "ordinary seaman," "able seaman," and "fireman" shall be established; that a minimum scale for the manning of merchant vessels shall be provided and undermanning prohibited; that Asiatics may not serve on ship-board; that imprisonment for violation of civil contract shall not be visited on seamen, and that merchant vessels shall be obliged in some measure to train American boys in practical seamanship.

The foregoing statement will now be considered sentence by sentence.

I. TRANSPORTATION BY SEA CAN BE FOR A NATION A TREMENDOUS MEANS OF WEALTH AND DIFFUSED WELFARE OR THE OPPOSITE.

Von Humboldt's famous conclusion that contact with the ocean has been one of the chief influences in forming the character of nations as well as in adding to their wealth and power is cited as in point. It is enough, further, to remind of the history of the Hanseatic League, Venice, Spain, and Portugal; to point in contrast to vigorous Norway, preserving her maritime spirit, and with a merchant fleet of 1,653,740 tons, most of it in the over-sea trade (British Lloyd's Register for 1903-4); and to quote this paragraph:

"Viewed from whatever standpoint we may choose, it is impossible to arrive at any other conclusion than that the British mercantile marine is not only the greatest British industry, but that for its overwhelming importance and far-reaching effect upon mankind it is the most stupendous monument of human energy and enterprise that the world has ever seen." (Bullen's Men of the Merchant Service, p. 1.)

II. SEA POWER IS OF IMMENSE IMPORTANCE TO EVERY COUNTRY NOT PROTECTED BY INSIGNIFICANCE, REMOTENESS FROM THE SEA, OR GENERAL INCAPACITY FOR SELF-DEFENSE.

This is axiomatic. The policy Colbert sought to impose upon France appeals to most men: "To organize seamen and distant commerce in

large bodies, like the manufactures and internal commerce, and to give as a support to the commercial power of France a navy established on a firm basis and of dimensions hitherto unknown." And the application of that spirit, as England has applied it, has swept away debatability of the proposition that the ambitions of some nations make needful the nursing of sea power by others. The point of view of the greatest two naval powers of the world is well enough suggested by these statements:

"England still holds her watery dominion; Britannia does still rule the waves, and in this proud position she has spread the English race over the globe; she has created the great American nation; she is peopling new Englands at the Antipodes; she has made her Queen Empress of India; and is, in fact, the very considerable phenomenon in the social and political world which all acknowledge her to be. And all this she has achieved in the course of three centuries, entirely in consequence of her predominance as an ocean power. Take away her merchant fleets; take away the navy that guards them—her empire will come to an end; her colonies will fall off like leaves from a withered tree, and Britain will become once more an insignificant island in the North Sea for the future students in Australian and New Zealand universities to discuss the fate of in their debating societies." (Froude's *English Seamen in the Sixteenth Century*, pp. 1, 2.)

"In all the campaigns of the last seventy years the naval forces have materially influenced and have often decided the result. The conquest of Algiers, the Crimean war, and the war in Italy would have been impossible without the support of the French navy. Naval forces played a great part in the civil war in America, in the struggle between Chile and Peru, in the war between Russia and Turkey, and between Italy and Austria, and, more recently, in the Spanish-American war. The difficult questions connected with the opening up of China will not be decided on the continent of Europe, but upon the sea, and probably in the Far East, on the Pacific Ocean." (M. Fleury-Ravarin, in report of the committee of the French Chamber of Deputies on the naval estimates for 1901.)

III. IN THE CASE OF THE UNITED STATES, ACQUISITION OF HAWAII, GUAM, TUTUILA, THE PHILIPPINES, AND PORTO RICO, TOGETHER WITH CONDITIONS SURROUNDING A CANAL UNITING THE ATLANTIC AND THE PACIFIC, HAS INCREASED THE NECESSITY FOR NAVAL EFFECTIVENESS.

This also is self-evident. "When the sea not only borders or surrounds but also separates a country into two or more parts, the control of it becomes not only desirable, but vitally necessary." (Mahan's *Influence of Sea Power upon History*, p. 40.)

IV. THERE CAN BE NO NAVAL EFFECTIVENESS WITHOUT SKILLED SEAMANSHIP; AND, OTHER CONDITIONS BEING EQUAL, SUPREMACY IS FOR THE FLEET HAVING THE MOST EXPERT SEAMEN.

The general principle is illustrated in the struggle which engaged Great Britain, France, and Spain at sea in the time of Napoleon.

Captain Mahan's work on *The Influence of Sea Power upon the French Revolution and Empire* is cited as establishing this proposition: England brought to bear in her conflict with France and Spain a sea force so much better trained in the handling of ships than were the men on whom her adversaries relied that Trafalgar was made possible, and, through Trafalgar, Waterloo.

To the unfortunate influences of the revolution, which in the end drove the expert sailors of France to desert their calling and evade naval service, Napoleon added somewhat of contempt for seaman-ship. "Courage and audacity," says Captain Chevalier, speaking of Bonaparte, "had become, in his eyes, the only qualities necessary to our officers." (Chevalier, *Mar. Fran. sous la Republique*, p. 49.) "The reproach may fairly be addressed to the great Emperor himself," says Captain Mahan, "that he had scarcely any appreciation of the factors conditioning efficiency at sea; nor did he seemingly ever reach any such sense of them as would enable him to understand why the French navy failed." (Mahan's *Influence of Sea Power upon the French Revolution and Empire*, Vol. I, p. 37.) In the case of the Spaniards the situation is indicated by this quotation from La Graviere: "The Spaniards at this time were no longer substantial enemies. At the battle of St. Vincent there were scarcely 60 to 80 seamen in each ship of the line. The rest of the crew were made up of men wholly new to the sea, picked up a few months before in the country or in the jails, and who, by the acknowledgment of even English historians, when ordered to go aloft, fell on their knees, crying that they would rather be killed on the spot than meet certain death in trying so perilous a service." (*Guerres Mar.*, Vol. I, p. 164.)

The principle is illustrated in a specific case by the experience of Great Britain in the *Highflyer* and *Minerva* trials. These trials were to test the comparative value of Belleville water-tube boilers, with 18 of which the first-named cruiser was equipped.

"To get good results, especially in regard to fuel consumption, with a Belleville boiler," writes G. R. Dunnell, "skilled stoking is undoubtedly needed in order to keep the large grate area completely covered with a fire not too thick." (Brassey's *Naval Annual*, 1901, p. 129.)

The results of the earlier trials were so unfavorable to the Belleville boilers that it was generally believed all the trouble could not be with them, since those results were far less creditable to the boilers than independent tests had given. Accordingly inquiry was made as to the stoking, and it was found that the men by whom it had been done, to quote the Admiralty report, "had been only recently commissioned for the first time." Subsequently the cruiser, to quote from Brassey's *Naval Annual* for 1901, page 130, "was sent to sea purposely for training the stokers. A marked improvement [of boiler effectiveness] was the result."

In connection with the experience of the *Highflyer* it is enough to say that in conceivable engagements victory might depend on getting maximum boiler power at a critical time.

Interesting evidence in support of the proposition now discussed is afforded by experience of the United States during the recent war with Spain. A writer in the *North American Review* for March, 1902, after going into the details of the superb handling of the *Oregon*, whereby the great run around Cape Horn and the immediate response to the battle call off Cuba were rendered possible, says:

"We have gone at some length into this history of the *Oregon* to emphasize the point that the vital factor in the Santiago battle was engineering—a point which is forcibly illustrated, in a negative way, by the utter absence of engineering on the Spanish ships. These vessels were all of excellent design and construction, and none of them was over four years old, the *Colón*, indeed, being less than a year

old. All of them had made 19 knots or more on their trial trips, and, had their engineering departments been efficient, they could have run away from our vessels. \* \* \* It is hardly an exaggeration to say that had the blockaded fleet been composed of vessels of almost any other nationality than Spanish most if not all of them would have escaped at Santiago." ("Some Neglected Naval Lessons," p. 338.)

"A fleet seeking a decisive result must close with its enemy," says Captain Mahan, "but not until some advantage has been obtained for the collision, which will usually be gained by maneuvering, and will fall to the best drilled and manned fleet." (Mahan's "Influence of Sea Power on History," note to p. 4.)

The expert use of a ship's guns is, after all, only one branch of a vessel's war value. This is well considered in a paragraph of Captain Mahan's "Influence of Sea Power upon the French Revolution and Empire," volume 1, page 39:

"Now, the one sea weapon of the period of the French Revolution was the gun; the cold steel, the hand-to-hand fight, commonly came into play only toward the end of the action, if at all. In aiming the gun, however, it can by no means be separated from its carriage, using this word not merely in its narrow technical sense but as belonging rightly to a whole ship which bore the gun alongside the enemy and upon whose skillful handling depended placing it in those positions of advantage that involved most danger to the opponent and the least to one's self. This was the part of the commander. Once there, the skill of the gunner came into play, to work his piece with rapidity and accuracy despite the obstacles raised by the motion of the sea, the rapid shifting of the enemy, the difficulty of catching sight of him through the narrow ports. Thus the skill of the military seaman and the skill of the trained gunner, the gun and the ship, the piece and its carriage, supplemented each other. The ship and its guns together formed one weapon—a moving battery which needed quick and delicate handling and accurate direction in all its parts. It was wielded by a living organism, knit also into one by the dependence of all the parts upon the head, and thus acting by a common impulse, sharing a common tradition and having a common life, which, like all other life, is not found fully ripened without having had a beginning and a growth."

The statement that "there can be no naval effectiveness without skilled seamanship" is not overcome by considerations having to do with substitution of steam for sail. It is undeniable that as between men, regardless of station, who have been efficiently trained on sailing vessels and men trained exclusively on steamships, superiority is with the former.

"It is true," observes the first lord of the British Admiralty, "that no student will ever become a victorious leader unless he is also a practical seaman." (Memorandum of December 16, 1902.)

So in his latest annual report the Commissioner of Navigation, United States Department of Commerce and Labor, says: "All competent nautical authorities agree that training on a square-rigged ship is necessary for the officer of a steamer. Such training is obligatory in our Navy. The great German steamship companies within the past few years have added several full-rigged ships to their lists as training schools for the future deck officers of their ocean steamers. Unless Congress



or private interests soon follow this example the lack of competent officers for American steamers may soon prove a serious handicap to any development of our ocean steam merchant fleet." (Report for 1903, p. 46.)

And in a volume containing practical examples of the truth of the statement, as applied to sailors and others engaged in sea life, an English observer declares: "In spite of the immense strides taken by steam navigation the sailing ship is still the only school wherein to train a thorough seafarer." (Bullen's *Men of the Merchant Service*, p. 15, of preface.)

V. THAT NAVY, OTHER CONDITIONS BEING EQUAL, WILL HAVE THE GREATEST RESERVE OF EXPERT SEAMEN WHICH IS BACKED BY A MARITIME NATIONAL SPIRIT AND A POWERFUL, WELL-MANNED, SELF-RESPECTING MERCHANT MARINE.

Sea power is not necessarily a matter of ships of war only, even though at the moment they be adequately manned. No nation can afford to maintain in times of peace a trained naval force in the regular service sufficiently extensive for the requirements of a long, exhausting war. Dependence must be on the merchant marine to recruit the broken complements, and in that stage where two warring nations have resort to such recruiting it may fare ill with the one whose merchant marine is the less skilled.

"The sea power of England, therefore," observes Captain Mahan, "was not merely in the great navy with which we commonly and exclusively associate it. France had such a navy in 1688, and it shriveled away like a leaf in the fire. Neither was it in a prosperous commerce alone. A few years after the date at which we have arrived, the commerce of France took on fair proportions, but the first blast of war swept it off the seas as the navy of Cromwell had once swept that of Holland. It was in the union of the two, carefully fostered, that England made the gain of sea power over and beyond all other States." (Mahan's *Influence of Sea Power upon History*, p. 325.)

"A permanent force not supported by reserves [trained in the merchant marine] can not adequately supply the means of reenforcement in the time of war," is the conclusion of Lord Brassey, commenting on the British navy. (Brassey's *Naval Annual*, 1901, p. 3.)

In Brassey's *Naval Annual* for 1898 the same eminent authority observes: "It is essential in the public interest to improve the merchant navy as a nursery for seamen."

Indeed, in all of Lord Brassey's writings for many years he has discussed the manning of the British navy and the manning of the British merchant marine as two branches of the same problem.

Mr. T. A. Brassey, commenting on the British navy, gives this suggestion of the relation between full ship complements in time of peace and the reserve power which should be ready to hand: "We require 50,000 men beyond the number necessary to make up the complement of ships available at the outbreak of war to replace losses and to utilize the shipbuilding resources to which we have alluded above," his allusion having been made to a statement of the shipbuilding resources of England, followed by this comment:

"But the power of constructing ships rapidly will be useless unless we know whence to draw the men to man the ships when built." (Brassey's *Naval Annual* for 1898, pp. 103, 104.)

The United States Commissioner of Navigation, in his report for 1899, says:

"The merchant marine must be relied on to furnish the seamen (in the comprehensive sense, including the fireroom force) needed in emergency to man war vessels." (P. 26.)

In truth, men can not quickly be brought to a high degree of efficiency in seamanship, whether on deck or in the stokehold. The Chief of the United States Bureau of Navigation, Navy Department, has said:

"The fact should not be lost sight of that it requires a much longer time to produce a naval officer than it does to produce a battle ship." (Report of the Secretary of the Navy for 1901, p. 526.)

The same observation could with justice be made with relation to the training of a thoroughly skilled seaman, and the apprentice period of seamanship in the United States Navy, four years, is cited as in point.

The House Committee on Naval Affairs, Fifty-eighth Congress of the United States, in a report accompanying the last naval appropriation bill, has presented the following results of inquiries concerning present naval reserves of foreign countries:

"In the navies where service is compulsory, as is the case with all the eight considered, except England and the United States, there are large numbers of trained men who have served their enlistments at sea and are held ready as reserves. This gives such navies an enrolled and effective force, which in some cases is larger than its force in the regular service; thus, Germany is said to be able to reman her fleet two or three times. The figures given below are such as are obtainable at short notice.

"England is said to have a total effective reserve of 72,000 men. Of these, the most valuable are the Royal Naval Reserves, consisting of 1,500 lieutenants, ensigns, and midshipmen, 400 engineers, and 26,000 bluejackets. Of these, 100 line officers and 100 engineers are training with the regular service, the line officers serving regularly on the larger ships for periods of one year.

"France has 468 reserve officers. If her reserves were used to fill up the complements of all her ships there would still be left 19,000 bluejackets as a reserve.

"Germany has 378 reserve officers and 75,000 reserve bluejackets.

"No figures for Russia are obtainable.

"The bluejackets in Italy's first and second reserves number 33,128.

"Japan has 1,480 line and engineer officers in her reserves, and in 1902 she had 5,985 reserve bluejackets.

"Austria has 68 reserve officers of the line and engineers. One authority estimates her reserve of bluejackets at 20,000. A bluejacket, after an enlistment of four years, goes into the first reserve for five years and then into the second reserve for another three years."

The situation of the United States in this regard is thus summarized by the Chief of the Bureau of Navigation, Navy Department:

"It should be borne in mind that the United States possesses no adequate merchant marine from which to draw seamen for its Navy." (Report of the Secretary of the Navy, 1901, pt. 1, p. 525.)

"The subject of a national naval reserve has been under consideration by the general board as well as by the Bureau of Navigation, and

it is the intention of the Bureau to take up this subject more actively in the near future." (Annual Report of Chief of the Bureau of Navigation for 1903, p. 36.)

President Roosevelt observed in his message to the Fifty-seventh Congress at the beginning of its second session:

"Each individual unit of our Navy should be the most efficient of its kind as regards both material and personnel that is to be found in the world. I call your special attention to the need of providing for the manning of the ships. Serious trouble threatens us if we can not do better than we are now doing as regards securing the services of a sufficient number of the highest type of sailor men, of sea mechanics.

"The veteran seamen of our war ships are of as high a type as can be found in any navy which rides the waters of the world; they are unsurpassed in daring, in resolution, in readiness, in thorough knowledge of their profession. They deserve every consideration that can be shown them. But there are not enough of them. It is no more possible to improvise a crew than it is possible to improvise a war ship. To build the finest ship, with the deadliest battery, and to send it afloat with a raw crew, no matter how brave they were individually, would be to insure disaster if a foe of average capacity were encountered. Neither ships nor men can be improvised when war has begun."

In the famous pamphlet written by Herr A. von Wenckstern for the information of the German nation, a showing is made of comparative future naval strength of the great powers, and the *Militär Literatur Zeitung* is moved to conclude, in reviewing the publication, that England and the United States will soon be checked in the increase of their navies by the question of manning the ships, as Japan will be by the question of money. (Notes on Naval Progress, Office of United States Naval Intelligence, November, 1899, pp. 17-25.)

#### VI. THE WORLD TENDENCY IS AT PRESENT FROM THE SEA.

To the foregoing proposition there are three notable exceptions and a strong tendency toward a fourth. Japan, China, and India have a steadily increasing number of seamen, and Germany is reaching out in a sure, aggressive fashion, with German capital and German brawn striking seaward together.

Mr. T. A. Brassey, writing in the *British Naval Annual* for 1898, said:

"In the mercantile marine the number of British seamen is diminishing year by year, and unless steps are taken to prevent it will diminish still more rapidly in the future." (P. 105.)

After presenting statistics showing the decrease to which he had referred, he quoted Mr. Clark Hall, as follows:

"From these figures it would appear that the falling off in these ratings occurs mainly among the young British seamen, as boatswains, quartermasters, who are chiefly recruited from the 'sailor ratings,' and as sailors do not ordinarily enter the sea service after they are 25 years of age, this falling off in the number of young British sailors affects the source of supply of our future petty officers and older able seamen." (P. 105.)

That Mr. Brassey's forecast of continuing diminution of the number of British seamen was not unduly pessimistic the most recent statistics

establish. Lord Brassey, in the British Naval Annual for 1901, observes:

"Fifty years ago we had 200,000 British seamen in our mercantile marine; we have scarcely half that number at the present time. Our British A. B.s and firemen in the over-sea trade will soon be outnumbered by foreigners and Lascars. \* \* \* The falling off in numbers is the more deplorable because it is mainly among the younger men. The state of things is grave and calls for the attention of statesmen." (P. 153.)

Further on in the same publication this marine expert adds:

"The time has now come when the adoption of every practical means to prevent the disappearance of British seamen from our foreign-going ships should be considered" (p. 159).

So, in the report of the committee appointed by the British Board of Trade to inquire concerning questions affecting the mercantile marine, it is said:

"There is no doubt of the fact of the increase of foreigners employed and corresponding decrease of British seamen employed in the mercantile marine.

"The statistics of the registrar-general of shipping and seamen, obtained in question 12065, show that in 1888 there were employed on British merchant vessels 158,959 British and 24,990 foreign seamen; in 1901 the numbers were 151,376 and 37,174, respectively, a decrease of 7,583 British and an increase of 12,184 foreign seamen in thirteen years. (These figures include officers in all cases, there being very few foreign officers.)

"According to a table handed in by the registrar-general, based on a census taken on the 31st of March, 1901, there were then employed on British merchant vessels 120,412 British and 32,614 foreign seamen. These figures are shown in detail in the return published as a parliamentary return in 1902, which also shows that when a similar census was taken on the 25th of March, 1896, there were 125,009 British and 27,446 foreign seamen. Thus in the quinquennial period the decrease in the number of British seamen amounted to 4,597 and the increase in the number of foreign seamen amounted to 5,168.

"Coincident with the diminution in the number of British seamen and the increase in the number of foreign seamen employed there has been a very considerable increase in the number of Lascars (natives of India) and other Asiatic seamen employed on British merchant vessels. The number of Asiatics on Asiatic articles of agreement is shown as 18,427 in 1888, and as 37,431 in 1901. In the census of the 31st of March, 1901, 33,610 Lascars (including all Asiatics on Asiatic articles of agreement) were enumerated, as compared with 27,911 in the census of the 25th of March, 1896." (Report to the president of the Board of Trade, May 7, 1903.)

The plight of England is the plight of nearly every other country, with the exceptions named—exceptions entitled to receive the most earnest consideration of public men.

There is nothing accidental or surprising in this nearly world-wide tendency.

Lord Brassey, writing many years ago, after the committee of ship-owners formed at Liverpool in 1870 had reported serious movement of British seamen from the sea and pronounced deterioration of seaman-ship among the citizens of Britain, observed:

"Where wages are good or the conditions of life agreeable and salubrious labor is abundant. It is scarce or of very inferior quality in occupations which are ill paid or disagreeable. When, therefore, we hear louder and more grievous complaints from shipowners than from employers in other trades, we may attribute the scarcity of competent mariners to the superior advantages afforded by occupations on shore." (The British Navy, by Sir Thomas Brassey, vol. 5, pt. 5, British seamen, p. 97.)

Mr. A. T. Brassey says, in the British Naval Annual for 1898 (p. 109), in the course of a discussion of incentives for British boys to turn to the sea:

"Whether the prospect of earning a retaining fee of £6 a year before they were 21 and a pension at the age of 60 would attract British lads in sufficient numbers into the mercantile marine and naval reserve may be questioned. The wages and conditions of employment at sea compare unfavorably with those of skilled workers ashore. For the latter they have immensely improved in the last fifty years. For the former they have improved, but not in the same degree. Wages in Liverpool on the Australian voyage were 50 shillings a month in 1850; they were at 55 shillings last year. The cheapening in the cost of food has gone into the pocket of the workman ashore; afloat it has gone into the pocket of the shipowner."

Lord Brassey, in the British Naval Annual for 1901, says:

"The state of things leaves much to be desired. It will be admitted that those who follow the sea are insufficiently compensated in pay for the social privations of a calling in which the breadwinner must leave his home to earn his livelihood." (P. 153.)

The latest authoritative statement in this regard as to the seamen of Great Britain is strictly confirmatory of the first-quoted conclusion by Lord Brassey. In the report of the committee appointed by the British Board of Trade in 1902 to inquire into certain questions affecting the British mercantile marine it is said:

"Various causes have been assigned for the decrease in the number of British seamen in the mercantile marine, but we do not doubt that the main cause is the superior attractiveness of shore employment, with its greater comforts and superior facilities for the maintenance of a home." (Report to the president of the board of trade, May 7, 1903.)

Mr. Andrew Furuseth, testifying before the United States Industrial Commission at Washington, February 13, 1900, while chairman of the legislative committee of the International Seamen's Union of America, made this statement:

"The question has often been raised, Why do not American boys go to sea? To begin with, because there is not any prospect for a man to make a living and keep a family by going to sea. \* \* \* Now, a boy may go to sea out of romance; he may read Captain Marryat and the rest of the writers, and get into his head that he wants to be a sailor; and he goes to sea and makes one or two trips. Then he finds out what the sea is, what kind of a life a sea life is, what kind of work he has to do, what kind of wage he is likely to receive when he is a grown man; and when he finds out he says, 'There is nothing in this for me,' and quits and looks around for something else to do.

"And it is thus not only in the United States, but in other countries.

Norway, for example, used to furnish an enormous number of seamen. When I first went to sea the wage of the Norwegian seaman in purchasing power was such that he was really better off than the ordinary mechanic on shore. Ninety per cent of the seamen were married and had little homes of their own in the little gullies along the seacoast, or wherever they might happen to be, and these homes were neater and usually a little better furnished than those of the ordinary mechanics. Since then the condition of shore employment has improved in Norway to such an extent that the standard of living of the shore mechanic has risen much above that of the seaman. Accordingly the Norwegian boy does not go to sea as he used to do. The Norwegian vessels are very largely filled with Swedes and Finns. So Englishmen used to go to sea for the same reason and under the same conditions as the Norwegians. The wages of the English sailor to-day run between £4 and £6 a month—between \$20 and \$30 a month—around England, that is. But he can make a great deal more wages ashore and be with his family, if he has one, getting better wages by working there. The boy who has the stuff in him to make a sailor must be healthy and must have fair average intelligence; and in order that he may be willing to go to sea and stay there the conditions of sea life must be such as to give him the ability to live in somewhat the same way as his neighbors do—come up at least to the ordinary standard of living of persons of his own station ashore—those he has been brought up with. And sea life which will not do that will not keep for any length of time those persons who go to sea.

“On an average now the sailor goes from port to port looking for some other occupation. He comes into New York, for instance, and he gets paid off with \$30 or \$40 or \$50 after a long trip. The first thing he does after reaching port \* \* \* in the majority of cases is to go into the employment offices to see whether there is any land work obtainable, and if there is anything he can get to do he is glad to quit the sea. He becomes a bridge builder, or an architectural ironworker, preferably. I suppose that 75 per cent of the men who work at architectural ironwork in New York, Philadelphia, Boston, and Chicago are sailors. Or, he becomes a gripman on a street car. \* \* \* He finds that architectural ironworkers get \$3.50 a day, say, and he obtains employment among them, and then says, ‘Good-by, sea; I am done with you.’ Now, that is the meaning of desertion of the sea, and the meaning of it in England as it is with us. Along with all this there comes an additional consideration, that the calling which will not produce sufficient for the support of a family is looked down upon by nearly everybody, and at present there is no calling looked down upon in this country and in England as the seafaring calling—as going to sea. The ordinary man on shore speaks about the sailor as ‘a poor fellow;’ as one who would not go to sea if he were fit for anything else; as one not worth much anyway. This is about the idea, and he loses social caste by going to sea, loses the respect of the people with whom he has been associated; and that, too, tends to prevent men from going to sea.” (Report of Hearing on Transportation, Industrial Commission, 1900, pp. 695, 696.)

VII. WITH THE UNITED STATES THE TENDENCY FROM THE SEA IS MANIFESTED BY CAPITAL AS WELL AS MEN, BUT MORE BY MEN; AND THE OVER-SEA MERCHANT MARINE OF THIS COUNTRY HAS ALL BUT DISAPPEARED, CARRYING TRADE CONSIDERED.

Thomas Jefferson, in a report on those nurseries of seamen, the deep-sea fisheries, while he was Secretary of State, said: "The loss of seamen unnoticed would be followed by other losses in a long train. If we have no seamen, our ships will be useless, consequently our ship timber, iron, and hemp; our shipbuilding will be at an end; ship carpenters will go over to other nations; our young men will have no call to the sea; our products, carried in foreign bottoms, be saddled with war freight and insurance in time of war."

While sea life as compared with land life was, however unsatisfactory, relatively attractive, and the Federal Government gave to American shipping and American mariners direct protection against foreign competition, there was no tendency from the sea and none of the misfortunes Jefferson believed would follow the loss of seamen. But when change of governmental policy as to ships and men conspired with rapidly increasing attractiveness of land life, there set in a strong drift from the sea, and all that Jefferson believed would be consequential has come to pass.

Captain Mahan, taking a general view of the United States, has sweepingly said: "Its merchant servite has disappeared." (Mahan's *Influence of Sea Power upon History*, p. 26.)

The tonnage of American ships engaged in the foreign trade is utterly out of proportion to the foreign commerce of the United States, and the number of citizen seamen employed in that trade is even more unsatisfactory.

"Our foreign commerce last year amounted to two billion and a little over three hundred million dollars," declared Senator Frye in addressing the Senate of the United States on the 3d of March, 1902, and then continued:

"We carried 8.2 per cent. Our exports last year amounted to \$1,487,000,000. We carried 6 per cent of it under the American flag. Last year we reached the climax of our decadence. If you will examine the Report of Commerce and Navigation you will find that there did not enter or clear a single American vessel from Germany, or Russia, or Sweden, or Norway, or Denmark, or the Netherlands, or Austria-Hungary, or Italy, or Greece, or Turkey; that one cleared from Belgium in ballast, one from Spain in ballast, and two from France, one of them in ballast."

"For 1903," says the Commissioner of Navigation, United States Department of Commerce and Labor, "American vessels carried 9.1 per cent of our exports and imports." (Annual Report for 1903, p. 10.)

The same officer reports the following-named consulates as stating that "no American vessels entered or cleared during the fiscal year ended June 30, 1903:"

"Austria-Hungary—Fiume, Trieste; Denmark—Copenhagen; France—Brest, Cannes, Dieppe, Dunkirk, Havre, Lorient, Marseille, Mentone, Monaco, Nantes, Nice, St. Malo, St. Nazaire, Rouen; Germany—Brake and Nordenham, Bremen, Bremerhaven, Danzig, Königsberg, Stettin, Swinemunde; Greece—Athens; Italy—Ancona, Bari, Cagliari, Catania, Civita Vecchi, Genoa, Girgenti, Leghorn, Licatia, Naples, Palermo, Trapani; Netherlands—Flushing, Rotterdam, Schie-

dam; Norway and Sweden—Bergen, Christiania, Gothenburg, Helsingborg, Malmo, Stavanger, Stockholm; Portugal—Faro, Lisbon, Oporto, Setubal; Azores (islands)—Flores, San Jorge, and Terceira; Madeira Islands—Funchal; Russia—Batum, Libau, Odessa, Revel, Riga, St. Petersburg; Spain—Almeria, Barcelona, Cadiz, Carthage, Corunna, Denia, Malaga, San Feliu de Guixols, Seville, Tarragona, Valencia, Vigo; Canary Islands—La Palma; Turkey—Alexandria, Alexandretta, Beirut, Dardanelles, Mersine, Port Said, Suez; United Kingdom—Bristol, Carlisle, Falmouth, Gloucester, Hull, Liverpool, Manchester, Newcastle-on-Tyne, Plymouth, Sunderland, West Hartlepool, Belfast, Cork, Dublin, Galway, Limerick, Londonderry, Waterford, Aberdeen, Dundee, Edinburgh, Glasgow, Greenock, Troon, Cardiff, Gibraltar, Malta Islands, Scilly Islands. British North America: New Brunswick—Moncton; Ontario—Kingston; Prince Edward Island—Alberton, Georgetown, Summerside; Quebec—Gaspé, Paspébiac, Quebec, Rimouski. Central America: Honduras—Amapala. Mexico—Tuxpan. West Indies—Albert Town, Bonaire, Dunmore Town, Nevis. South America: Brazil—Ceara, Para; Ecuador—Esmeraldas; Venezuela—Barcelona, Puerto Cabello. Africa: Algiers, Casa Blanca, Mogador, Tamatave, Tangier, Tunis, Zanzibar. Asia: China—Chefoo, Hankau, Nankin, Niuchwang, Saigon; India—Bombay, Calcutta, Ceylon (island)—Penang; Siam—Bangkok; Celebes—Macassar; Java—Batavia; Sumatra—Padang. Australia: Townsville; New Zealand—Christchurch, Dunedin.” (Annual Report for 1903, p. 100.)

And this weakness of merchant fleet should be viewed in contrast with the long term of years when the American flag was on every sea and our share of the carrying trade of our imports and exports ranged above 70 per cent and reached more than 92 per cent. (Annual Report of the Commissioner of Navigation to the United States Secretary of Commerce and Labor for 1903, pp. 298, 299.)

The decline of the American merchant marine in its strictly financial aspect is of extremely grave importance.

“An amount of money not less than \$4,500,000,000, or an average of \$150,000,000 for thirty years past,” wrote William W. Bates in 1892, “has been paid out to foreign ships for ocean transportation. To stop this drain nothing effective has been done.” (American Marine, p. 25.)

Since Mr. Bates made his estimate the imports and exports of the United States have steadily grown and the tonnage of American over-sea carriers has rapidly declined, with corresponding loss of national income.

For the fiscal year 1903 the value of our imports and exports carried in foreign bottoms was \$2,026,102,388. (Annual Report of the Commissioner of Navigation to the United States Secretary of Commerce and Labor for 1903, p. 299.)

Applying to the 1903 valuation of imports and exports a minimum percentage of freight charge, it will be found that about the same sum was paid to foreign ships for carrying those imports and exports as was collected during 1903 as customs duties at all the ports of this country.

In the coastwise trade of the United States the tonnage is American, because the Congress has excluded from that trade vessels of foreign register; but the prohibition established against ships of foreign register does not extend to foreign seamen under the rank of officers, and



it is unchallenged that the coastwise as well as foreign-going ships of this country are in the main manned by aliens.

Unfortunately, our laws provide for nothing like complete registration of seamen. Hence statistics submitted by the United States Commissioner of Navigation have little value either as to number or nationality of any class of seamen shipped on American vessels. No distinction is made in the statistics between men shipped and men reshipped; between sailors and seamen of other classifications—stokers and stewards, for example—between coastwise and over-sea service. Moreover, no statistics are reported by his Bureau showing the nationality of men shipped in American vessels in foreign jurisdictions.

Taking the Commissioner's latest figures as only loosely indicating conditions, accordingly, it appears that in 1903 the nationality of seamen "shipped, reshipped, and discharged" on vessels carrying our flag was as follows: Americans by birth, 36,761; Americans by naturalization, 22,737; aliens, 61,287. (Annual Report for 1903, p. 27.)

It should be borne in mind in considering the Commissioner's figures that his estimate does not distinguish between officers and seamen below the rank of watch officers. Accordingly the scarcity of citizen seamen is even greater than appears upon the surface. The proportion between officers and engineers on the one hand and sailors and firemen on the other is shown by the United States census reports to be approximately as one to four.

It should further be borne in mind that the Commissioner's estimate does not extend to men shipped and discharged in foreign ports. "Relatively few of the men shipped and discharged abroad," he observes, "are American citizens by birth or naturalization, and the proportion of foreigners in crews of American vessels is correspondingly larger than appears in the tables of men shipped before the shipping commissioners in the United States." (Annual Report for 1903, p. 28.)

Another significant fact in connection with the tendency from the sea is the passing of the apprentice system, on which in other times we relied to a considerable extent for renewal of our seafaring class. "The apprentice system," says the United States Commissioner of Navigation, "has virtually ceased to exist on American merchant vessels." (Report of Commissioner of Navigation, 1899, p. 60.)

VIII. TENDENCY TO IMPAIRMENT OF SEA POWER BY MOVEMENT OF MEN FROM THE SEA  
IS MET IN EUROPE BY NATIONAL COUNTER TENDENCIES.

The movement from the sea has aroused the anxiety of Europe; and not only are European statesmen earnestly seeking a way of overcoming that movement, but the greater nations are being profoundly stirred by patriotic organizations of private citizens devoted to maritime progress.

In 1894 the British Navy League was founded. "Since then," says Lieutenant Orlo S. Knepper, staff intelligence officer, United States Navy, "it has grown rapidly and has branches in most of the principal cities of England, many of the schools and colleges, and in nearly every British colony the world over." (Notes on Naval Progress, Office of United States Naval Intelligence, July, 1901.)

From the constitution of the British Navy League these words are taken:

"This association shall be called 'The Navy League.' Its purpose shall be to secure, as the primary object of the national policy, the

command of the sea. The general aims of the Navy League shall be (a) to spread information showing the vital importance to the British Empire of the naval supremacy, upon which depend its trade, empire, and national existence; (b) to call attention to the enormous demands which war may make upon the navy, and to the fact that the navy is not strong enough to meet them, and at all times to point out any shortcomings in this respect; (c) to call attention from time to time to such measures as may be requisite to secure adequate preparation for the maritime defense of the Empire."

This league publishes and circulates books and pamphlets, and issues a monthly journal, all designed to arouse in the British Empire a lively appreciation of weaknesses in navy or merchant marine, to inspire maritime pride, and to promote maritime strength.

"The number of foreign seamen in the British merchant marine has increased from 9 per cent in 1860 to nearly 41 per cent in 1897," observes Lieutenant Knepper. "As in time of war England's naval reserve would be largely drawn from her merchant marine, this condition of affairs is most undesirable, and the Navy League has taken up the problem of manning the merchant marine by Englishmen and generally raising the standard of the merchant seamen." (Notes on Naval Progress, Office of United States Naval Intelligence, July, 1901, p. 351.)

"The German Navy League, modeled largely after the British Navy League," continues this expert, "was organized April 30, 1898. Since that time its growth has been almost phenomenal. It has been in keeping with the enormous strides Germany has made for commercial and maritime supremacy, and in a great measure has been the cause of those strides. \* \* \* The Emperor and the Government are strong supporters of the league, and in nearly every province some German prince is at its head." (Notes on Naval Progress, Office of United States Naval Intelligence, July, 1901, pp. 351, 352.)

The progress of this organization is shown by the following quotation, from a paper by John Leyland, in the British Naval Annual for 1901:

"The German Navy League is a most prosperous organization, which has exerted a great deal of influence during the campaign in favor of the navy act. In support of this agitation more than 6,000,000 books and pamphlets were published at the expense of the league, while 3,000 lectures and addresses were delivered, followed by 600 more in the latter part of the year. \* \* \* At the annual meeting of the league in January, under the presidency of Prince zu Wied, it was announced that during the year 1900 the number of members had increased from 246,967 to 599,141, and the number of branches from 286 to 1,010. \* \* \* The organization of the league now extends over the whole country" (p. 48).

"The French Navy League," pursues Lieutenant Knepper, "inspired by and modeled after the British Navy League, was organized early in 1899. In publishing the first list of adherents to the league Senator Landry, referring to the British review at Spithead, July of 1897, wrote:

"An eyewitness to the marvelous results obtained by the English Navy League, my great desire was that my country should possess a similar organization. Since then I have become more and more convinced that much good can be done by the French league. Thanks to

the support which will come from all sides, the founders of the league will obtain the object which they have in view, which is to create a maritime movement in the country." (Notes on Naval Progress, Office of United States Naval Intelligence, July, 1901, p. 355.)

One of the principal purposes of this French league is thus expressed in the constitution of the organization:

"To cooperate, to aid and concentrate its efforts \* \* \* in the improvement and general interests of our merchant marine."

Similar leagues have sprung up in other European countries.

All sorts of proposals are at present under consideration in Great Britain for persuading British boys to pursue seamanship as a profession in the merchant marine, and to encourage British shipowners to accept the services of such boys. The basis of nearly all of these proposals is concern for the safety of England in the event of an exhausting naval conflict, wherein her regular naval force would have to be renewed. There is widespread recognition of the truth that to rely in times of stress upon naval recruits not inured to the sea is to court such disaster as befell France and Spain at Trafalgar.

"I have from time to time put forward a scheme, based on the recommendations of the Manning Commission of 1860," says Lord Brassey in the British Naval Annual for 1901. "It was proposed that the Government should train boys for the reserve by entering them as apprentices, indentured to an official of the board of trade, and to remain under his supervision. They were to be sent to sea for four years in selected sailing ships and afterwards join the reserve. A subsidy was proposed of £20 to the shipowner and £15 to the apprentice on the satisfactory completion of the apprenticeship. Under the conviction of the necessity of taking some action, the Imperial Government, at the close of the session of 1898, introduced a clause into the merchant-shipping act providing for a reduction of the light dues to owners of ships carrying apprentices.

"The scheme failed because the inducements were inadequate. I have endeavored to show that the increasing requirements for the naval reserve can only be met by dealing with the training of boys on a comprehensive plan and with the aid of the state. Better terms should be offered to the shipowners and stricter conditions insisted upon. \* \* \* The number of prime seamen in the merchant marine is diminishing, and without the aid of the state in training must continue to diminish." (Pp. 159, 160.)

France recruits her navy systematically from her merchant marine, safeguarding training in seamanship by rigorous provisions of law. The French inscription marine contains 114,000 seamen. The fisheries and the mercantile marine of France supply annually some 4,000 men for deck duties in the navy. For the engine-room complements it is necessary to have recourse to voluntary enlistment, some 3,000 men being annually entered and specially trained. (British Naval Annual for 1901, p. 3.)

Other European powers also systematically recruit their navies of their merchantmen, returning them to the merchant service after giving them a thorough naval training.

France and Germany, when they pay postal subsidies to steamship companies, are solicitous to bind those companies to employ practically none but citizen seamen. All of the main contracts carrying subsidies during the last several years are cited in support of this statement.

Two-thirds of the crews of vessels of Norway and Sweden must be subjects. (Report of United States Commissioner of Navigation for 1899, pt. 1, p. 22.)

Other maritime nations of Europe have statutory provisions designed in one way or another to encourage employment of their own subjects aboard their own ships.

In the same way various foreign governments have within recent years substantially altered their maritime laws in such manner as to make sea life under their flags less and less undesirable as compared with land life. Norway is especially cited, and Germany also.

The most recent amendment of German law (June 2, 1902) effects numerous important improvements of conditions among seamen aboard the merchant ships of the Empire, notably these: Establishing ten hours, including anchor or night watch, as the maximum day's work in temperate climate and eight hours in the Tropics, with pay for overtime, except in critical emergencies; enacting that every officer shall have eight hours for sleep out of twenty-four; requiring watch and watch at sea, except in the engineering department, the watch below to be called only under urgent need; providing for three alternate watches in the engineering department in the case of vessels having runs of more than ten consecutive hours; prohibiting work other than for safety of vessel and in standing anchor or night watch while in safe harbor on Sundays and legal holidays; prohibiting work other than for safety and speed of vessel and in preparation of food at sea on Sundays and legal holidays; forbidding the master, either as measure of reproof or to oblige to immediate obedience, from imposing fines, shortening provisions for more than three consecutive days, imprisoning, or administering corporal punishment.

IX. THE UNITED STATES, BOTH GOVERNMENTALLY AND OTHERWISE, HAS BEEN NEGLIGENT OF THE DANGEROUS MOVEMENT CARRYING AMERICANS FROM SEA LIFE.

While Europe has been striving to arrest the tendency from the sea, America has been comparatively remiss, both as to the Navy directly and the merchant marine.

No strong effort has been made to establish anything corresponding to the system whereby the merchantmen of England are drawn upon for the training of a naval reserve. The Secretary of the Navy has made recommendations in line with European progress, but with no avail. In his latest report on that subject to the President, he renews his advice in these words:

"I have again to call attention to the pressing need of a national naval reserve force from which to draw for sea service immediately upon an outbreak of war. The subject has received attention in previous reports, and recommendations have been made for the enrollment and organization of such a national body, to be under the general direction of the Navy Department and subject to the call of the Chief Executive in times of national emergency. The results of the Spanish-American war were such as assure everyone having knowledge of naval matters that steps should at once be taken to meet the one certain and positive requirement which will face the nation upon an outbreak of war—the immediate necessity at that exigent time, if it comes, of a large increase in the men of the Navy from an existing reserve—

an increase which must, in the main, be made from the seafaring class, who, having acquired the habit of the sea, are at home on the water." (Report of Secretary of the Navy, 1901, pt. 1, p. 8.)

In a report to the Secretary of the Navy the Chief of the Bureau of Navigation urges "the necessity of establishing a national naval reserve which should be composed of able-bodied men who are or who have been connected with a seafaring life." (Annual Report of the Navy Department, 1901, pt. 1, p. 529.)

So deplorable is the situation of this country in the matter of recruiting its Navy that we are actually driven to send recruiting parties into the Mississippi Valley to obtain men whom it is hoped may be sufficiently trained to be transferred to the regular Navy as ordinary seamen.

"During the past year," says the Chief of the United States Bureau of Navigation, Navy Department, in his report for 1901, "recruiting parties under various officers have been dispatched to various parts of the United States in the Mississippi Valley and to the eastward, the success of which has been uniform. Landsmen to the number of 4,198 have been enlisted. Of these, 3,141 men have been transferred, first to receiving ships and then to the training squadron for landsmen. \* \* \* It is believed that by this system about 3,500 men a year can be comfortably handled and so well trained that a majority can be transferred to active service in the rating of ordinary seamen, and with such good foundation in seamanship and the duties of a man-of-war's man that they can soon be promoted to higher rates." (Report of the Secretary of the Navy, 1901, pt. 1, pp. 511, 512.)

During 1903 eight traveling recruiting parties were in the field, covering (to quote the words of the Chief of the Bureau of Navigation) "practically the whole of the United States." (Annual Report of Chief of Bureau of Navigation, Navy Department of the United States, 1903, p. 24.)

That the policy of trying to make seamen by what is in greater part shore drill is a confession of weakness and not expressive of the judgment of naval experts is palpable.

"If the men who take our ships to sea," observes Lord Brassey, "are far in advance of the men of any possible enemy, it is because the ship of the British navy is more at sea than that of any foreign power. The sea is the only place where the seamen can learn the duties of his trying and arduous profession." (Naval Annual for 1901, p. 6.)

It would appear that recruiting our Navy from men with perhaps no heart for the sea, save in initial romantic ambition not tested by experience, is not a success, if the statistics of desertion be consulted.

For 1903, 4,236 of the 27,245 men in the Navy deserted. When it is considered that 7,145 of these 27,245 members of the Navy were petty officers and 4,380 were continuous-service men (classes comparatively exempt from desertions), and that among the reasons assigned by the Navy Department for reported desertions those figuring most prominently are such as pertain almost exclusively to the landsmen, the conclusion seems reasonable that the percentage of desertions among the men enlisted from orders of citizens not familiar with the sea ran much higher than the 12.5 announced by the Bureau of Navigation as to the Navy in general. (Annual Report of Chief of Bureau of Navigation, Navy Department of United States, 1903, pp. 27, 28.)

Turning directly to the merchant marine, it is clear that the Federal Government has offended by omission and commission. The offending in the matter of ships and shipowners as distinguished from seamen it is not within the purpose of this paper to discuss. The offending as to seamen falls under these specifications:

Up to 1899 marines in coastwise and over-sea vessels carrying our flag were huddled in insanitary forecastles, given insufficient and unwholesome food, made a prey for crimps, afforded no sound safeguards for time or extent of payment of wages, denied protection of rest or life against undermanning, subjected to cruel and unusual punishments at the arbitrary will of masters and mates, and imprisoned for failure to comply with civil contracts to labor.

Since 1899, in the coastwise service, the forecastles of sailing vessels built or rebuilt within the period have been made less insanitary than those of other vessels; the dietary has been bettered; crimping has been very materially decreased; payment of wages has been made less insecure and inequitable; the evil of undermanning has been suffered to extend; corporal punishment and imprisonment for desertion have been abolished.

Since 1899 in the over-sea service the forecastles of sailing vessels built or rebuilt within the period have been made less unsanitary than those of other vessels; the dietary has been improved; crimping has been very slightly mitigated; payment of wages has been partially safeguarded; undermanning has been suffered to increase overwork and peril; corporal punishment has been abolished, and arrest and imprisonment for quitting work in a foreign port have been continued. Thus, although conditions in the merchant marine are somewhat less unhappy than prior to 1899, they remain unfavorable to progress of American seamanship in the coastwise trade and positively preventive of such progress in the over-sea trade.

X. TO ENCOURAGE THE BUILDING OF AMERICAN SHIPS IS NOT NECESSARILY TO PROMOTE AMERICAN SEAMANSHIP OR TO INCREASE THE NUMBER OF AMERICAN SEAMEN; AMERICAN SHIPOWNERS MUST BE ENCOURAGED TO SEEK AMERICAN SEAMEN, AND AMERICAN BOYS MUST BE ENCOURAGED TO TURN TO THE SEA AND AMERICAN ADULT SEAMEN TO STAY THERE.

Although to state this proposition is to make argument a carrying of coals to Newcastle, it does not seem superfluous again and again to direct attention to it, for there is much in the recent history of the United States to justify the charge that development of an American merchant marine has been by many important public men treated as almost exclusively a matter of encouraging shipbuilding and shipowning, the manning of vessels coming in for little or no consideration, though perhaps the most important factor in the case.

Two Presidents of our country have in recent years called attention to this aspect of the problem presented by the decadence of its merchant sea service. In his message of December 3, 1889, President Harrison declared for "the development of a sufficient body of trained American seamen," as well as for enlargement of our merchant fleet. "We must encourage our merchant marine," said President McKinley in his first message to the Fifty-sixth Congress. "We must have more ships. They must be under the American flag, built and manned and owned by Americans."

XI. THE LAWS OF THE UNITED STATES SHOULD BE SO AMENDED THAT FORECASTLES SHALL BE SANITARY; THAT CRIMPING SHALL CEASE; THAT SEAMEN SHALL BE PAID ON DEMAND IN ANY PORT OF CALL, AND ON DISCHARGE A REASONABLE PERCENTAGE OF WAGES EARNED; THAT STANDARDS OF SKILL FOR "ORDINARY SEAMEN," "ABLE SEAMEN," AND "FIREMEN" SHALL BE ESTABLISHED; THAT A MINIMUM SCALE FOR THE MANNING OF MERCHANT VESSELS SHALL BE PROVIDED, AND UNDERMANNING PROHIBITED; THAT ASIATICS MAY NOT SERVE ON SHIPBOARD; THAT IMPRISONMENT FOR VIOLATION OF CIVIL CONTRACT SHALL NOT BE VISITED ON SEAMEN, AND THAT MERCHANT VESSELS SHALL BE OBLIGED IN SOME MEASURE TO TRAIN AMERICAN BOYS IN PRACTICAL SEAMANSHIP.

The propositions thus stated will be separately considered in consecutive order.

(a) *Forecastles*.—No American vessel the construction whereof was begun prior to June 30, 1895, is subject to any law fixing forecandle space allowance per seaman. (Act of March 2, 1895.)

Every steam vessel the construction whereof was begun after June 30, 1895, is required to have for crew place "a space of not less than 72 cubic feet, and not less than 12 superficial feet measured on the deck or floor of that place, for each seaman or apprentice lodged therein." (Act of March 2, 1895.)

Every sailing vessel the construction whereof was begun after June 30, 1895, but before June 30, 1898, comes under the requirement last mentioned. (Act of March 2, 1895.)

Every sailing vessel built or rebuilt since June 30, 1898, is required to have for crew place "a space of not less than 100 cubic feet, and not less than 16 square feet measured on the deck or floor of that space, for each seaman or apprentice lodged therein." (Act of March 3, 1897.)

The foregoing use of the word "every" should be qualified to this extent: There are no provisions of law governing forecandle space in the case of fishing vessels, yachts, pilot boats, or vessels under 200 tons register; and Mississippi River steamboats have crew-space law peculiar to themselves.

Value of ship space keeps forecandle allotments to minimum fixed by law, as a rule. In most American merchant vessels that minimum is 2 by 6 by 6—smaller than a grave.

The ill effects of the neglect to oblige all vessels to provide sanitary forecandles are convincingly shown by the reports of the Surgeon-General of the Marine-Hospital Service of the United States, abounding as they do in proofs that our seamen, constitutionally hardy as a class and by reason of the purity of sea air more than ordinarily exempt from many of the dangers prevalent ashore, are sufferers in startling measure from disease, and most of all from such ills as spring from inadequacy and impurity of air.

Seamen aboard the average American merchant vessel are required to sleep and eat in quarters so cramped and, in consequence, so foul that were we to impose similar conditions on felons in our penitentiaries the nation would be moved to indignant protest. We have come to take neglect of the mariner as a matter of course.

The Congress should so alter the laws as that every vessel carrying the American flag shall provide for its seamen a comfortable and healthful place wherein to eat and sleep.

(b) *Crimping*.—The crimp is a vampire—a marine-employment agent—resorting to dishonest practices, whereby when seamen are numerous he gains such control of employment that he obliges vessel-seeking seamen to surrender to him so much of their yet unearned

wages as the law permits to be assigned, and whereby when seamen are scarce the control of mariners gained at other times enables him to extort from seamen-seeking vessels a premium on each man supplied (a premium known as blood money). When he keeps a sailors' boarding house he adds to his other offenses a ruthless pillage of the seamen on whom he fastens, taking possession of his victim prior to payment of earned wages and absorbing such wages before pay day, becoming meanwhile a creditor to the extent of some portion of the wages to be earned by the seaman on his next voyage.

In passing on the allotment law of December 21, 1898, in the case of *Patterson et al v. The Bark Eudora*, the United States Supreme Court said:

"The story of the wrongs done to sailors in the larger ports, not merely of this nation, but of the world, is an oft-told tale, and many have been the efforts to protect them against such wrongs. One of the most common means of doing these wrongs is the advancement of wages. Bad men lure them into haunts of vice, advance a little money to continue their dissipation, and having thus acquired a partial control, and by liquor dulled their faculties, place them on board the vessel just ready to sail and most ready to return the advances. When once on shipboard and the ship at sea, the sailor is powerless and no relief is availing." (Decision of June 1, 1903.)

Another phase of the crimping evil, not indicated by this quotation from the decision in the *Eudora* case, was suggested by His Royal Highness the Duke of Edinburgh, when, in a speech delivered before the Board of Trade at Liverpool in 1872, he declared it to be his firm conviction that "so long as the system of crimping and advance notes existed they would have no certainty as to how many ships might be lost before they had gone their first day's voyage." (Brassey's *The British Navy*, p. 8.) This, of course, because of the practice among crimps to ship the men out of whom they can make the most money, regardless of skill in seamanship.

Crimping flourishes in this country under cover of statutory law permitting assignment of unearned wages of seamen to persons who are not near and dependent relatives of such seamen, and because of absence of a statutory prohibition of payment of blood money. The remedy, so far as the Congress can put down the evil, lies in the repeal and enactment of laws as thus indicated.

(c) *Payment of wages*.—The maritime law of the United States now provides: "That every seaman on a vessel of the United States shall be entitled to receive from the master of the vessel to which he belongs one-half part of the wages which shall be due him at every port where such vessel, after the voyage has commenced, shall load or deliver cargo before the voyage is ended unless the contrary is expressly stipulated in the contract." (Act of December 21, 1898.)

It further provides: "And in all cases the seaman shall, at the time of his discharge, be entitled to be paid, on account of wages, a sum equal to one-third part of the balance due him." (Act of December 21, 1898.)

The seaman who finds himself in port without funds is in grave danger of falling into the hands of the crimp, and notwithstanding the provisions just quoted he commonly is in distress ashore with money due him from his ship, and this because he is driven by his necessities



to contract against money payments in ports of call, and because many masters evade the requirement for one-third payment immediately on discharge.

The following excerpt from a report of the United States consul at Buenos Ayres illustrates the first of these statements:

"I attribute the unusual number of desertions to the law of December 21, 1898, which reads:

"Every seaman on a vessel of the United States shall be entitled to receive from the master of the vessel to which he belongs one-half part of the wages which shall be due him at every port where such vessel, after the voyage has commenced, shall load or deliver cargo before the voyage is ended *unless the contrary be expressly stipulated in the contract.*"

"In my opinion, which is based upon observation, if the words in italics were not in the contract, desertions would not be so numerous, for the following reasons:

"Most of the American vessels coming to this port sail from Boston, Mass. There the shipping articles are signed by the seamen before the United States shipping commissioner.

"On the front page of said articles, toward the bottom of the page, I find in almost all shipping articles the following words stamped: 'No money to be advanced during the voyage.' As a rule, it takes from sixty to seventy days for vessels to reach this port. The seamen, once the vessel is in port, will ask permission from the master of the vessel to go ashore, which permission is granted for twelve hours. He will ask for some money, which is refused, the master of the vessel claiming that the shipping articles which the seaman signed provide that no money is to be advanced during the voyage. The seaman goes ashore without a dollar in his pocket; he falls in with runners of boarding houses and shipping masters, by whom he is taken care of by being provided with liquors and eatables. In many cases the seaman gets intoxicated and does not return to his vessel, and at the expiration of the forty-eight hours from the time his permission to go ashore ceases, the master promptly reports him a deserter.

"The vessel remains in port discharging and receiving cargo for about two months, and as the seaman has little or nothing to do—the cargo all being discharged by stevedores—by the seaman deserting the master or ship saves the wages, and I never knew of a master who worried about a deserted seaman. The shipping master takes hold of the deserter and soon finds another vessel for him (not an American vessel) and collects one month's allotment for board due him by the seaman. The ship saves from two to three months' wages by the seaman deserting. The shipping articles further provide that these seamen ship for from twelve to eighteen calendar months, and the first time they learn they can draw no wages is when they ask the master for money when the vessel is in port, and it is hardly to be expected that they will stand by their ships when they can be kept out of their wages for twelve to eighteen months." (Report of Consul Mayer to the Secretary of State, October 24, 1903.)

The act of December 21, 1898, should be so altered, on grounds of public policy, that stipulations against money payments in ports of call shall be void, and the penalty for evasion of that provision of the statute which requires immediate payment on discharge should be so changed as to make the requirement effective.

(d) *Standards of skill.*—Up to about the middle of the last century world-wide custom and usage, having the strength of law, made it almost impossible for anyone to ship as an able seaman who had not the sea experience and skill resulting from at least four years of sea service. The ratings aboard ships were boy, ordinary seaman, and able seaman.

This custom and usage has not been discarded by the Norse or the Dutch, among whom to-day any man who misrepresents his sea experience or skill is promptly reduced to his due rating.

For many years after abolition of her navigation laws Great Britain persevered in that ancient practice; but demand for cheap men led in time to disregard of the sound standards, until such deterioration of British seamanship obtained as aroused national concern and forced formal investigation for a remedy. The committee of inquiry, dissolved in 1880 after ten years of labor, included among its first suggestions for improvement of British seamen this:

"That seamen before being rated as A B should obtain a certificate of competency."

Mr. John Williamson, secretary of the committee, said in his speech at Liverpool in October, 1880:

"I may here mention that subsequently, and as more light was thrown on the subject, we abandoned the idea of a certificate of competency for A B rating, and instead of it adopted a sea-service qualification of not under four years." (Brassey's *the British Navy*, vol. 5, pp. 37, 38.)

The valuable recommendation of the committee led to nothing, however, and the deterioration has continued with such effect that an expert observer has recently written this comment on the British able seamen: "He may be a skilled mechanic, a man of energy, resource, and great abilities, or he may be just an unskilled laborer with precisely the same pay and treatment as the best seamen afloat of the same grade. This is a bad state of things." (Bullen's *Men of the Merchant Service*, p. 273.)

Mr. Bullen has not been blind to the relation between the deterioration and England's naval power, and he has suggested a line of remedial action.

"It is to be hoped most devoutly," he says, "that \* \* \* it will be fully recognized that the only possible source of supply for the Navy in case of war is the mercantile marine. To secure such a supply, it is imperative that the A B shall be looked after and made to feel that he is a man of some importance to the State; that the good men shall not be handicapped by wastrels; that a man shall earn the title of 'able seaman' before he is permitted to take it, and that every man shipping as A B, who has no qualifications for that honorable post, shall suffer for his misdeeds—his fraudulent burdening of his shipmates with work that he is unable to perform. Then I believe that we shall get in the merchant service a class of seamen—men who would not say that the sea was a life only fit for dogs." (Bullen's *Men of the Merchant Service*, p. 277.)

With the United States the abandonment of the time-approved custom and usage set in earlier than in the case of England, and deterioration of seamanship came with corresponding priority, persevering in such wise that Mr. Andrew Furuseth writing in 1900, declared: "The seamen must in the coastwise as well as the foreign trade meet

the world. The Japanese, the Chinese, the Malay, the European, all may come and need bring no previous training. Our laws put life and property into their hands without asking any question except 'What will you work for?' Money is, it is claimed, saved in this way, and if the property is lost the insurance pays the loss. These men from anywhere, with any kind or no kind of skill and experience, set a wage for which sailors and firemen must work, or they must seek other employment. Our merchant marine is therefore manned by the residuum of the population, not only of our own country and race, but of all countries and races." (American Federationist, April, 1900, p. 94.)

To arrest the deterioration of American seamanship, the Congress should provide by law that no person shall be employed as an A B who has served for fewer than four years at sea, one or more of them in a sailing vessel.

(e) *Manning*.—Regardless of the number of persons composing her crew, a vessel which has not enough skilled men to manage her in ordinary conditions of weather and sea without calling the lookout or the watch below, is undermanned.

Undermanning imposes on skilled seamen inordinate toil and endangers life and property not only in the case of the vessel undermanned, but in the case of other vessels.

"An 'able seaman,' properly so-called," as Mr. Frank Bullen observes, "is a skilled mechanic with great abilities." (Bullen's Men of the Merchant Service, p. 256.)

On sailing vessels his place in calm or storm never can be adequately filled by the unskilled, however numerous, nor on steamships in emergencies. (Bullen's Men of the Merchant Service, chapter 28.)

In other words, numerical strength of crew does not necessarily yield the totality of skill essential to safe navigation or reasonable distribution of the burden of toil incident to a voyage.

And when, to transpose the statement of a British expert, the incompetency of individuals is accentuated by inadequacy of numbers, sea life may be only a struggle against death, and mayhap an unsuccessful struggle, with all implied by that in its bearing on loss of ships and cargoes.

Indeed, overwork through undermanning is not only essential to making land, but fixes new standards urging all seamen and all ships toward greater toil and graver peril. "By working for their lives," says the committee appointed in 1894 by the British Board of Trade to investigate concerning manning, in commenting on seamen handling an undermanned vessel, "they may succeed in reaching their destination, and thus they will have established their number as a proper crew for the vessel until a further reduction is made." (Report to the Board of Trade, June 4, 1896, p. 15.)

How undermanning operates to promote loss of life and property is illustrated by this quotation from the report last cited:

"The *Deeside* (569 tons gross) is a typical case. That vessel had only two men in a watch, and whilst one of those men was absent from the lookout, trimming a side light which had become dim, the vessel was run into and sunk, with several of her crew, by the *Ludgate Hill* (4,063 tons gross). Notwithstanding the strong condemnation pronounced by the judge of the admiralty division of the high court against the practice of undermanning, which led to this fatal collision, the board of trade were advised that a prosecution would not be suc-

cessful, because, whilst there were sufficient men on board who might have been called and stationed on the lookout, it could not be said that the vessel was undermanned." (P. 8.)

An interesting general statement of the situation is thus made by Mr. F. W. Goding, United States consul at Newcastle, Australia:

"One of the most important factors in the successful management of ships at sea is a crew of competent men. If the master is a reasonable man, supported by well-drilled and competent officers, together with a crew of well-trained seamen, a good vessel can weather almost any storm. At the present time shipowners find great difficulty, in many instances, in obtaining the services of each and all of these men who are qualified for their duties, although many are found in possession of good discharges. This is due, in a great degree, to shipmasters, who frequently give able-seamen's discharges to men who have spent but a brief period at sea. Frequently vessels reach this port the entire crew of which had never before seen salt water. They include laborers, doctors, lawyers, parsons, clerks, farmers, and coal miners. It is a fact that many men are shipped in foreign-going sailing vessels whose seagoing experience is of the most limited description.

"In years gone by a long period of service was essential to gaining an able-seaman's discharge, and such a document could be relied upon as a guaranty that the possessor knew and could perform his work; but in those days men made long voyages and were paid off in the home port after completing a period of service often extending over two or three years. To-day the practice is changed, and the sailor, in the majority of cases, makes passages between ports only. He is either discharged or deserts, becomes stranded in some seaport, and is at the mercy of the crimp and the boarding-house keeper, who handles him as so much personal property. Consequent upon these conditions there is a continual interchange of discharges.

"The seaman who has been discharged for incompetency, or has deserted and has been ashore for some time, becomes a drug on some boarding-house master's hand. To secure him a vessel a discharge is procured from a seaman with good credentials, recently paid off, and the incompetent man then goes to sea with a document indicating that he possesses all the necessary qualifications.

"When seamen are in demand there is nothing to prevent a shore man from being substituted for a competent sailor, as these men are frequently put on board at the moment of sailing. It is manifest that the shipmaster has no opportunity of testing their ability until it is too late to make an exchange. Shipmasters have informed me that they frequently find it difficult to secure three men out of the crew who could be trusted with the wheel in bad weather or to perform other duties pertaining to able seamanship.

"To this condition of affairs disaster, loss of property, and sometimes loss of life can be traced. It matters not how staunch a vessel may be or how well officered, there are times when an incompetent crew may bring about her destruction. By long experience it has been found wise to employ competent sailors as petty officers, but too often a preference is shown for a class of men whose chief qualification is a capacity to handle cargo and drive sailors. The prime cause of this condition of affairs is partly due to unprincipled boarding-house masters, who supply crews to vessels, and partly to masters

who give an able seaman's discharge to incompetent men—many times to get rid of them. This last can not be too strongly condemned, as it is both unfair to brother shipmasters and to the public. The first should be inquired into by the authorities." (Report to the Secretary of State of the United States, July 24, 1903.)

The British Board of Trade, impressed by the importance of the subject, in 1894 appointed a committee to inquire and recommend. After examining 176 expert witnesses this body reported on June 4, 1896, finding undermanning prevalent in the British mercantile marine, with consequent discouragement of British seamanship and loss of life and property. "In the opinion of your committee," said the body, "the only proper solution of the difficulty lies in the establishment of a manning scheme for general application," and thereupon recommend:

"That undermanning should by legislation be comprehended in the law authorizing detention for unseaworthiness, and that an instruction be issued to the officers of the board of trade authorizing them to detain vessels which are not manned in compliance with the schemes proposed by this committee.

"That undermanning should be specifically declared by statute to be unseaworthiness, but that no ship shall be deemed to be unseaworthy on leaving a port outside of the United Kingdom by reason of undermanning if it be shown that the shipowner or master has taken all reasonable means to comply with the regulations." (Report of committee, p. xi.)

The 1903 List of Merchant Vessels of the United States, issued by the Bureau of Navigation, United States Department of Commerce and Labor, can not be examined without resulting conviction that undermanning exists in the American merchant marine at least as extensively as the British committee has found it to exist in the fleet of England.

To illustrate:

The schooner *Allumna* (696 tons gross), North Bend, Oreg., carries 11 men, exclusive of master; the schooner *Addie M. Lawrence* (2,807 tons gross), Bath, Me., carries 12 men, exclusive of master.

The schooner *S. G. Wilder* (604 tons gross), Port Blakeley, Wash., carries 11 men, exclusive of master. The schooner *S. G. Haskell* (681 tons gross), Millbridge, Me., carries 7 men, exclusive of master. This means in the case of the *Wilder*, a cook, 2 mates, 8 able seamen, leaving (with wheel and lookout manned) 2 men on deck. Her small sails can be handled by the watch. In the case of the *Haskell* it means a cook, 2 mates, and 4 able seamen, leaving 1 mate and 2 able seamen on the watch—the mate alone on deck when wheel and lookout are manned. The simplest work will require the calling of the lookout, and to take in even the small sails the watch below must be called.

The ship *Roanoke* (3,539 tons gross), Bath, Me., carries 30 men, exclusive of master. The schooner *Thomas W. Lawson* (5,218 tons gross), Quincy, Mass., carries 16 men, exclusive of master. The difference here is between a square rigger and a schooner, but, irrespective of rig, the larger vessel necessarily requires in gaining motive power the larger area of canvas. The *Lawson* has nineteen or twenty separate sails, while the *Roanoke* has more than thirty, wherefore the sails of the *Lawson* are larger and therefore more difficult of handling than those on the *Roanoke*. The fact that some of the *Lawson's* sails are

handled on deck does not justify the difference in manning. The *Larson* uses steam in handling her sails—yes, in hoisting them—but machinery can not take the place of men in reefing and furling canvas in strong winds at sea. Human intelligence, skill, and adaptability must in such case be the safeguards.

The statistics of loss of ships at sea afford matter for reflection in this regard. They show, as the United States Commissioner of Navigation has summarized, that out of every 100 American seagoing steamers over 100 tons, for the past seven years, on the average 2.24 have been lost each year; that out of every 100 foreign seagoing steamers over 100 tons, for the same period, on the average of 1.98 have been lost each year; that out of every 100 American seagoing sail vessels over 50 tons, for the past seven years, on the average 4.13 have been lost each year, and that out of every 100 foreign seagoing sail vessels over 50 tons, for the same period, on the average 2.97 have been lost each year. (Annual Report of Commissioner of Navigation, U. S. Department of Commerce and Labor for 1903, p. 19.)

Mr. Andrew Furuseth says of manning conditions in the American merchant marine:

“The evil of undermanning is growing in a natural way.

“The shipbuilder figures on a reasonable crew and the owner cuts to make it a business crew. The master is competing with other masters, and his interest as well as his pride of seamanship induces him to agree with the owner. The crew is therefore cut somewhat when the vessel is yet new. Later, while she is laying in some port, where to fill vacancies is matter of expense and possibly of delay, her master suggests to his men that they are of sufficient skill and prowess to take the vessel half manned to the next port. Good feeling and a sense of pride in their own ability cause the men to agree. Thereupon the vessel makes a fair passage, and the master is told by the owner that he has theretofore sailed his vessel overmanned. ‘You used to carry eight A. B.’s, Captain,’ he observes. ‘You have brought her home with four A. B.’s. In the future you will carry six men only.’

“The seaman’s good nature, his willingness to oblige a good master by enduring excessive toil, have thus created a new standard—in the mind of the owner, a perfectly just one. The next trip the vessel has six men, and very likely half the number unskilled men. The work becomes harder—less sleep, less rest, scarcely a watch below without being called out.

“And this process goes on and on, so that we are nearing a point in the merchant marine of America where sheets can not be hauled in or small sails taken in and furled with the watch on deck—with all that this overwork and imperilment imply in increasing the drift from the sea.”

Standards of manning should be provided by the Congress, and vessels not manned accordingly should be detained as unseaworthy. The minimum scales recommended by the committee appointed by the British Board of Trade to inquire into the manning of British merchant ships afford a valuable basis for legislation, alteration of course being advisable in so far as rig of our vessels differs from rig of the merchantmen of England.

(*f*) *Asiatics*.—The Pacific Ocean presents a problem having a factor peculiar to itself, in that Asiatics are driving from it even those Cau-

casians who are eager to work in the stokeholds, saloons, and cooks' galleys, and on deck,

Mr. Andrew Furuseth testified as follows before the Committee on Immigration, Senate of the United States, February 4, 1902:

"We find that the stepmotherly manner in which seamen have been treated in the past has not induced the American boy to seek the sea for a living, and we therefore ask that we may now receive the benefit of such protection as you shall choose to give to other workers. We find it impossible to compete with the Chinese in any trade wherein they enter. They simply absorb the trade and drive us out, and where, as in the trade in question [that of seaman], they are assisted by such legislation as we have, both in a positive and negative way, they will man every American steamer that now plies or shall hereafter ply between railroad terminals on the Pacific coast and the Orient. \* \* \*

"They are, as a rule, docile and attentive. They do not criticise among themselves any orders given, and if they do it is not understood. They yield that ready obedience to, and apparent respect for, superiors which gradually becomes pleasing even to strong, well-balanced men. \* \* \* Sailors of Chinese blood may be had in Hongkong, in practically unlimited numbers, at \$15 Mexican per month, and firemen or stokers at \$18 per month Mexican. This means, respectively, \$7.50 and \$9 in gold.

"The wages which should be paid to sailors if they were hired on the Pacific coast would be at least \$25 gold—more likely, \$30 gold—being four times the amount paid to Chinese in Hongkong. A vessel would not carry as many whites as she does Chinese, but the difference in a year would probably be between \$30,000 and \$40,000 gold, a sum surely sufficient to determine the choice, if the choice be left with the shipowner. \* \* \* I do not think, gentlemen, that it would be safe to go on in the way you have been going. I do not think it is safe to put your merchant marine of the Pacific into the keeping of the Chinese, and unless you adopt some law that will give it to the whites, there is where it will go." (Chinese-exclusion hearings, senate Committee on Immigration, pp. 242-257.)

In the course of his testimony before the Senate committee, Mr. Furuseth stated that the trans-Pacific steamship companies controlling vessels running between oriental ports and transcontinental railway terminals in the Pacific States employ Chinese exclusively as sailors, stokers, cooks, stewards, and waiters.

During the latest Chinese-exclusion hearings before the same committee one of the trans-Pacific steamship corporations interested in this matter—the Pacific Mail Company—produced as a witness Capt. William B. Seabury, for thirty years in its service as a shipmaster on the Pacific. From his testimony, given on February 15, 1902 (Chinese-exclusion hearings, Senate Committee on Immigration, pp. 360-367), these statements are summarized:

1. Chinese are capable seamen under ordinary conditions, and because of their temperance and servility are preferred by Captain Seabury to white seamen.

2. There is no difficulty of obtaining an abundance of them in ports of China or at Hongkong, and the wage of sailors or firemen is about one-fourth the wage of white sailors or firemen shipped in Pacific coast ports.

3. Trans-Pacific liners plying between the Pacific States and the Orient employ exclusively Chinese as sailors, stokers, cooks, stewards, and waiters.

4. Not only are Chinese supplanting the Caucasians as seamen on the Pacific, but they are encroaching on the Japanese of that sea, and are also successfully competing with the Lascars on the Indian Ocean.

The testimony of Mr. Furuseth and Captain Seabury concerning employment of Chinese seamen is in line with a report of the United States Commissioner of Navigation. "The crews of our own steamships plying to China and Japan," says that officer, "are almost wholly Chinese and Japanese, shipped before American consuls at foreign ports where the vessels enter and clear." (Report Commissioner of Navigation, 1898-99, p. 20.)

The sea progress of the world is likely to be increasingly toward enlargement of merchant fleets and strengthening of their naval guardians on the Pacific, and the national requirement of the United States increasingly great in the direction of encouragement of American boys and men to pursue the career of seamen in Pacific waters.

To persuade Americans to become and remain seamen on the Pacific every encouragement essential in the case of the Atlantic is needed, and positive discouragement of the disposition of capital to prefer Asiatics as seamen.

Nearly all observers of conditions in Asia agree that the immediate future holds for the Occident substantial growth of commerce with China, Japan, and the islands off the Asiatic mainland.

That the author of the ship-subsidy bill which passed the Senate during the Fifty-seventh Congress shares the faith of these observers and believes the United States is certain forthwith to enter on a largely increased trade with the Orient is shown by a speech delivered by him before the Senate of the United States March 3, 1902, wherein he declared that he expected vessels to the value of \$24,000,000 to be built speedily for our Asiatic trade if the bill were adopted, and that he further expected passage of the measure would be promptly followed by the establishing of a fortnightly mail service from San Francisco by way of Honolulu to Japan and China, with connections to Manila, vessels to be superior in speed and tonnage to the best steamers on the Asiatic routes of the great British, French, and German lines—five steamships to be employed, with a sixth in reserve, and that he hoped for this further immediate result, the establishing of a fortnightly service alternating with the San Francisco service, but operating from Puget Sound.

Whatever the progress of the commerce of America with Asia it can not be wise to surrender to Orientals the forecastles of American ships engaged in the trade with the Far East.

Apart from the right of American seamen to protection from ruinous competition with Asiatics on the Pacific, it is not sound national policy to train in seamanship aliens who are not eligible to citizenship and who can not become subject to draft into our Navy.

In his annual report for the fiscal year ending June 30, 1901, the United States Commissioner of Navigation, in commenting on American ownership of numerous foreign vessels under foreign flags, said:

"For all national purposes these vessels contribute to the maritime strength of foreign nations, and are training schools for their navies." (P. 36.)



In the same way American ships manned by Asiatics are "training schools" for the navies of Asiatic powers.

Three objections have been urged by shipowners to debarring Asiatics from employment in the American merchant marine: That Caucasians can not endure the heat of stokeholds in our trade with the Orient; that white seamen are not obtainable in the Far East; and that wage disadvantage would injure our fleet, with Asiatics debarred, in its competition with foreign bottoms manned by them.

The claim that Caucasians can not endure the heat of stokeholds in our trade with the Orient is erroneous.

The United States transports plying between San Francisco and Manila go nearer the equator than do our China liners, yet white men are employed on them as stokers and in other capacities. Even those transports which ply between the Atlantic coast and Manila via Suez carry white men in the stokeholds. The merchantmen plying between our Pacific coast and Australia cross the equator, as the Pacific Mail and Northern Pacific vessels never do, yet all of the Australian ships carry white men exclusively on deck and in stokeholds. So, too, all of our ships plying between San Francisco and Panama, though they pass through the great calm tract of the Pacific, a tract more deadly in heat than anything experienced in the China trade, carry white men only, not excluding the vessels owned by the Pacific Mail Steamship Company. In the same way all of the merchantmen plying between our Atlantic ports and the West Indies and South America carry white seamen as sailors and firemen.

The sailors and marine firemen of this country are eager for the work now performed under our flag by Asiatics. The claim that white seamen are not obtainable in the Far East has this much truth: White seamen are increasingly scarce everywhere, because of the conditions with which this paper deals, and because of the low wages of Asiatics. Far Eastern ports are comparatively undesirable for Caucasians.

But against this it should be considered that with Asiatics barred the crews of American vessels would not be engaged in Asiatic ports; that the filling of vacancies is all that would have then to be met; that for the reasons making Asiatic ports comparatively undesirable to Caucasian seamen desertions there would be few; and that legislation could, while barring Asiatics in general, provide an exception for times when broken complements could not be filled without resort to them.

Moreover, shipowners are prone to exaggerate when the doing so may aid their profit as individuals, however it may fare with seamen and nation. Russia has recently had some experience in point, as appears from this report by Mr. R. T. Greener, United States commercial agent at Vladivostok:

"The difficulty of obtaining sufficient sailors to man the ships sailing from and to Vladivostok was attempted to be met in June by parties applying to St. Petersburg for permission to employ Chinese, as is done on United States, English, and Japanese ships. This move met with decided opposition from the military governor and the harbor master. They telegraphed to the Grand Duke Alexander Michaelovitch, asserting that the proposed change in the law would ruin the chances of Russian seamen to obtain employment; that at present there were in Vladivostok from 80 to 100 seafaring men seeking work; that the efforts of those who sought to employ Chinese, Koreans, etc., was

merely to obtain 'cheap labor' at the expense of Russians who followed the sea as a profession.

"The Grand Duke was asked to antagonize this petition. He promptly answered that he was glad to learn of the matter, admitted the truth of the representations to him, and promised to use his influence to have the present law left intact." (Report to the Secretary of State of the United States, November 19, 1903.)

The claim as to wages is well founded; but it may be met by legislation granting subsidy to the extent of wage difference in cases of competition with foreign bottoms manned by Asiatics, and it is believed the United States can not prudently hesitate to equalize by subsidy, if that be needful, in saving our ships for our own race.

(g) *Involuntary servitude*.—Section 4596 of the Revised Statutes of the United States provides that any seaman (this term including all ship employees except the master) who shall violate his contract to serve on a private vessel may in a foreign port (in our foreign trade) be imprisoned for not more than one month.

Section 4600 of the Revised Statutes of the United States makes it the duty of consular officers of this country to reclaim deserting seamen and to surrender them to masters.

The United States is a party to treaties with numerous governments in accordance with the terms whereof there is a mutual obligation to apprehend and deliver up to masters deserting seamen.

These laws are a survival of the odious ancient idea that one man can have property right in another. It has been outgrown in America as to every class but seamen. It has been abandoned in America as to all American seamen on American soil, in British North America, Mexico, and the West Indies. Until it shall have been abandoned as to all seamen of all ships flying the flag of our Republic, no matter whence or whither they voyage, how can American boys, pulsing with the American concept of human liberty, follow the sea?

(h) *Boys*.—The American boy no longer goes to sea. The American boy who seeks the sea is exceedingly exceptional and encounters this condition: American ships do not want him.

When American sea life shall have been made fit for American boys, lads of certain temperament will turn to the sea as water seeks its level. Beyond this the Congress, taking notice of that individual selfishness which impels shipowners to avoid tasking themselves with the education of boys in seamanship, should oblige them to do this to a reasonable measure, at least in our coastwise trade, wherein they are protected from competition with foreigners.

[Editorial in Coast Seamen's Journal, San Francisco, Cal., June 8, 1904.]

#### THE CASE OF THE SEAMAN.

The matter presented by Representative Livernash, of California, to the last session of Congress, and herewith reprinted from the Congressional Record, contains a painstaking and comprehensive summary of the vital phase of the shipping problem, now so prominently and pressingly before the public.

The facts and the argument in the case of the seaman constitute a feature of the present discussion on shipping matters that must take precedence in public interest over all other features involved, by

virtue of the law under which the vital take precedence over the physical in the features of every problem.

The man before the mast is the center, the heart, the soul of the whole subject. The question of rehabilitating the American merchant marine, considered with the merchant seaman as its core, is a live question, a question that attracts the interest, engages the sympathy, and arouses the enthusiasm of the public. Considered apart from the seaman, that question is as dead as a doornail, and quite as uninspiring.

Given due consideration to the interests of the American seaman, the question of furthering the interests of American shipping pulsates throughout its remotest ramifications with the vitality transfused into it from the human arteries. Given sole consideration to the interests of shipper, shipowner, and shipbuilder, the "shipping question" becomes merely so much ossified bone and sinew, of no more real interest to the American people than an Egyptian mummy.

Pygmalion's creation is beautiful to look upon as a statue, but as a woman she is unsatisfying until, at the instance of the gods, she thrills and responds to her creator's wish. The physical part of American shipping may grow to noble proportions under the magic Midas touch, but it will never be more than so much mechanism—it will never be a really American institution—until the god of American public sentiment endows it with life. If public sentiment is to be depended upon to do the needful in the premises the case of the seaman must be taken up and offered as an attraction to and justification of that sentiment. The public will not respond to a purely monetary argument, but it will respond to an argument that involves the welfare of the men and boys who go out from the hearths and homes of the land to the hardships and heroisms of the deep. Practically, therefore, the shipping question is a public question to the extent only that it is a question affecting the interests of the seaman; to the extent that it is a question affecting the interests of other classes, it is purely a private question.

A perusal of the remarks and appendix submitted to Congress by Representative Livernash will at once show the reader wherein the interests of the merchant seaman are indissolubly linked with the problem of naval defense, not only in the sense that the merchant fleet is the *raison d'être* of the navy, but also, and more particularly, in the sense that he is the actual forerunner of the naval seaman. In a word, the man before the mast in peace is the man behind the gun in war.

Throughout the lengthy discussion that has taken place on the question of rehabilitating the American merchant marine the creation of a body of American seamen, which shall be available as a naval reserve force, has been constantly asserted to be one of the prime objects in view. Of course, an increase in the number of ships alone would avail nothing in this view if these vessels should be manned by Chinese or other cheap-labor aliens, as they certainly would be unless otherwise provided by specific enactment. Again, a law requiring that such vessels shall be manned by American seamen would be abortive unless such seamen be procurable from the already existing personnel of the service.

Thus we come back to the prime element of the proposition, the question of so improving the life of the merchant seaman under the American flag that the American boy will again take to the sea and stay there. The only practical solution of that question is to be found

in the legislation proposed by the seamen themselves and herein set forth for the consideration of the American public. All of which is most respectfully submitted.

#### THE SEAMEN'S BILL.

[H. R. 13771. Introduced by Representative Lovernash, of California, at the request of the International Seamen's Union of America, March 11, 1904.]

A BILL to amend the laws relating to American seamen, to prevent undermanning and unskilled manning of American vessels, and to encourage the training of boys in the merchant marine.

*Be it enacted, etc.,* That section 4516 of the Revised Statutes of the United States be, and is hereby, amended to read as follows:

"SEC. 4516. In case of desertion or casualty, resulting in the loss of one or more seamen, the master must ship, if obtainable, a number equal to the number of those whose services he has been deprived of by desertion or casualty, who must be of the same grade or rating and equally expert with those whose place or position they refill.

"And in all merchant vessels of the United States the sailors shall, while at sea, be divided into two watches, which shall be kept on deck alternately for the performance of ordinary work incident to the sailing and management of the vessel; but this provision shall not limit either the authority of the master or other officer or the obedience of the sailors when, in the judgment of the master or other officer, the whole crew is needed for the maneuvering of the vessel or the performance of the work necessary for the safety of the vessel or her cargo.

"While the vessel is in a safe harbor no seaman shall be required to do any unnecessary work on Sundays or legal holidays; and at all other times while the vessel is in a safe harbor nine hours, inclusive of anchor watch, shall constitute a day's work. Whenever the master of any vessel shall fail to comply with this section, the seamen shall be entitled to discharge from such vessel, and shall, upon demand, receive wages then earned. But this section shall not apply to fishing or whaling vessels or to yachts."

All of this section is new excepting the first sentence.

The new matter has two principal purposes: To give greater security to life and property at sea, and to prevent needless exhaustion of seamen at sea and in port.

The second section of the bill is as follows:

"SEC. 2. That section 4529 of the Revised Statutes of the United States be, and is hereby, amended to read as follows:

"SEC. 4529. The master or owner of any vessel making coasting voyages shall pay to every seaman his wages within two days after the termination of the agreement under which he shipped, or at the time such seaman is discharged, whichever first happens; and in the case of vessels making foreign voyages, or from a port on the Atlantic to a port on the Pacific, or vice versa, within twenty-four hours after the cargo has been discharged, or within four days after the seaman has been discharged, whichever first happens; and in all cases the seaman shall be entitled to be paid, at the time of his discharge, on account of wages, a sum equal to one-third part of the balance due him. Every master or owner who refuses or neglects to make payment in manner hereinbefore mentioned without sufficient excuse shall pay to the sea-

man a sum equal to two days' pay for each and every day during which payment is delayed beyond the respective periods, which sum shall be recoverable as wages in any claim made before the court; but this section shall not apply to the masters or owners of any vessel the seamen of which are entitled to share in the profits of the cruise or voyage."

The change in existing law proposed by this second section consists in increasing the costliness to a vessel of inexcusable neglect in paying wages due seamen whose engagement with her has ceased.

The third section runs thus:

"SEC. 3. That section 4530 of the Revised Statutes of the United States be, and is hereby, amended to read as follows:

"SEC. 4530. Every seamen on a vessel of the United States shall be entitled to receive (within forty-eight hours after demand therefor) from the master of the vessel to which he belongs one-half part of the wages which shall be due him, at every port where such vessel, after the voyage has commenced, shall load or deliver cargo before the voyage is ended; and all stipulations to the contrary shall be held as void. And when the voyage is ended every such seaman shall be entitled to the remainder of the wages which shall then be due him, as provided in section 4529 of the Revised Statutes."

This section changes existing law by making it impossible for the necessities of seamen to be traded on to their disadvantage—and, therefore, to the disadvantage of our merchant marine—in the matter of wages, which, as a matter of personal independence, should be kept available for ports of call.

The next section of the bill follows:

"SEC. 4. That section 4559 of the Revised Statutes of the United States be, and is hereby, amended to read as follows:

"SEC. 4559. Upon a complaint in writing, signed by the first and second officers, or a majority of the crew of any vessel, while in a foreign port, that such vessel is in an unsuitable condition to go to sea because she is leaky or insufficiently supplied with sails, rigging, anchors, or any other equipment, or that the crew is insufficient to man her, or that her provisions, stores, and supplies are not, or have not been during the voyage, sufficient and wholesome, thereupon, in any of these or like cases, the consul, or a commercial agent who may discharge any of the duties of a consul, shall cause to be appointed three persons of like qualifications with those described in section 4557, who shall proceed to examine into the causes of complaint and who shall proceed and be governed in all their proceedings as provided by said section."

This section changes existing law by giving to seamen the same rights and powers in foreign ports they now have in domestic ports in the matter of protection against unseaworthiness of vessels and unfitness or insufficiency of provisions.

The fifth section I quote now:

"SEC. 5. That section 2 of the act entitled 'An act to amend the laws relating to navigation,' approved March 3, 1897, be, and is hereby, amended to read as follows:

"SEC. 2. That on and after June 30, 1905, every place appropriated to the crew of any merchant vessel of the United States, except a yacht, a pilot boat, or any vessel of less than 100 tons register, shall have a crew space of not less than 100 cubic feet, and not less than 16 square feet, measured on the deck or floor of that place for each sea-

man or apprentice lodged therein. Such place of lodging shall be securely constructed, properly lighted, heated, and ventilated, properly protected from weather and sea, and, as far as practicable, properly shut off and protected from the effluvium of cargo or bilge water. And every such crew space shall be kept free from goods or stores not being the personal property of the crew occupying said place in use during the voyage.

"Every steamboat of the United States plying upon the Mississippi River or its tributaries shall furnish an appropriate place for the crew, which shall conform to the requirements of this section, so far as they shall be applicable thereto, by providing sleeping room in the engine room of such steamboat, properly protected from the cold, winds, and rain by means of suitable awnings or screens on either side of the guards or sides and forward, reaching from the boiler deck to the lower or main deck, under the direction and approval of the Supervising Inspector-General of Steam Vessels, and shall be properly heated.

"Any failure to comply with this section shall subject the owner or owners to a penalty of \$500."

Section 5 changes existing law by increasing as to old sailing vessels and all steam vessels the space allotment per man in forecastles, bringing all vessels up to the present requirements for sailing vessels built or rebuilt since 1898.

Section 6 is as follows:

"SEC. 6. That section 4596 of the Revised Statutes of the United States be, and is hereby, amended to read as follows:

"Sec. 4596. Whenever any seaman who has been lawfully engaged, or any apprentice to the sea service, commits any of the following offenses, he shall be punishable as follows:

"First. For desertion, by forfeiture of all or any part of the clothes or effects he leaves on board and of all or any part of the wages or emoluments which he has then earned.

"Second. For neglecting or refusing, without reasonable cause, to join his vessel or to proceed to sea in his vessel, or for absence without leave at any time within twenty-four hours of the vessel's sailing from any port, either at the commencement or during the progress of any voyage, or for absence at any time without leave and without sufficient reason from his vessel or from his duty, not amounting to desertion or not treated as such by the master, by a forfeiture from his wages of not more than two days' pay, or sufficient to defray any expenses which have been properly incurred in hiring a substitute.

"Third. For quitting the vessel, in whatever trade engaged, without leave, after her arrival at her port of delivery and before she is placed in security, by forfeiture from his wages of not more than one month's pay.

"Fourth. For willful disobedience to any lawful command at sea by being, at the option of the master, placed in irons until such disobedience shall cease, and upon arrival in port by forfeiture from his wages of not more than four days' pay: or, at the discretion of the court, by imprisonment for not more than one month.

"Fifth. For continued willful disobedience to lawful commands or continued willful neglect of duty at sea, by being, at the option of the master, placed in irons, on bread and water, with full rations every fifth day, until such disobedience shall cease, and upon arrival in port

by forfeiture, for every twenty-four hours' continuance of such disobedience or neglect, of a sum not more than twelve days' pay or by imprisonment for not more than three months, at the discretion of the court.

"Sixth. For assaulting any master or mate, in whatever trade engaged, by imprisonment for not more than two years.

"Seventh. For willfully damaging the vessel, or embezzling or willfully damaging any of the stores or cargo, in whatever trade engaged, by forfeiture out of his wages of a sum equal in amount to the loss thereby sustained, and also, at the discretion of the court, by imprisonment for not more than twelve months.

"Eighth. For any act of smuggling for which he is convicted, and whereby loss or damage is occasioned to the master or owner, he shall be liable to pay such master or owner such a sum as is sufficient to reimburse the master or owner for such loss or damage, and the whole or any part of his wages may be retained in satisfaction or on account of such liability, and he shall be liable to imprisonment for a period of not more than twelve months."

This section changes existing law by giving to seamen while in foreign ports the liberty of quitting their employment, which they enjoy while in domestic ports, destroying the last vestiges of imprisonment for violation of civil contract to labor.

Then follows section 7, thus:

"SEC. 7. That section 4600 of the Revised Statutes of the United States be, and is hereby, amended as follows:

"SEC. 4600. It shall be the duty of all consular officers to discountenance insubordination by every means in their power, and where the local authorities can be usefully employed for that purpose, to lend their aid and use their exertions to that end in the most effectual manner. In all cases where seamen or officers are accused, the consular officer shall inquire into the facts and proceed as provided in section 4583 of the Revised Statutes; and the officer discharging such seamen shall enter upon the crew list and shipping articles and official log the cause of the discharge and the particulars in which the cruel or unusual treatment consisted, and subscribe his name thereto officially. He shall read the entry made in the official log to the master, and his reply thereto, if any, shall likewise be entered and subscribed in the same manner."

This section changes existing law as to consular authority in such manner as to make procedure consistent with the change made by the preceding section.

The next section is worded as follows:

"SEC. 8. That section 4611 of the Revised Statutes of the United States be, and is hereby, amended to read as follows:

"SEC. 4611. Flogging and all other forms of corporal punishment are hereby prohibited on board any vessel, and no form of corporal punishment on board any vessel shall be deemed justifiable, and any master or other officer thereof who shall violate the aforesaid provisions of this section, or either thereof, shall be deemed guilty of a misdemeanor, punishable by imprisonment not less than three months nor more than two years. Whenever any officer other than the master of such vessel shall violate any provision of this section it shall be the duty of such master to surrender such officer to the proper authorities as soon as practicable. Any failure on the part of such master to comply herewith, which failure shall result in the escape of such

officer, shall render the master or vessel liable in damages for such punishment to the person illegally punished by such officer."

This section changes existing law by making the vessel and master liable in damages where the master fails to do his duty in surrendering an officer offending the statutes against corporal punishment of seamen. At present only the master is so liable.

The ninth section runs in this way:

"SEC. 9. That section 23 of the act entitled 'An act to amend the laws relating to American seamen, for the protection of such seamen, and to promote commerce,' approved December 21, 1898, be, and is hereby, amended as respects the items water and butter, so that in lieu of a daily requirement of 4 quarts of water there shall be a requirement of 5 quarts of water every day, and that in lieu of a daily requirement of 1 ounce of butter there shall be a requirement of 2 ounces of butter every day."

This section changes existing law by increasing the daily allotment of water and butter for seamen.

The ensuing section I now quote:

"SEC. 10. That section 24 of the act entitled 'An act to amend the laws relating to American seamen, for the protection of such seamen, and to promote commerce,' approved December 21, 1898, be, and is hereby, amended to read as follows:

"SEC. 24. That section 10 of chapter 121 of the laws of 1884, as amended by section 3 of chapter 421 of the laws of 1886, be, and is hereby, amended to read as follows:

"SEC. 10. (a) That it shall be, and is hereby, made unlawful in any case to pay any seaman wages in advance of the time when he has actually earned the same, or to pay such advance wages, or to issue any note for the payment of the same, to any other person, or to pay any person other than an officer authorized by an act of Congress to collect fees for such service, any remuneration for the shipment of seamen. Any person paying such advance wages or such remuneration, or issuing any note for the payment of same, shall be deemed guilty of a misdemeanor, and upon conviction shall be punished by a fine of not less than four times the amount of wages so advanced, or remuneration so paid, or of the note so issued, and may also be imprisoned for a period not exceeding six months, at the discretion of the court. The payment of such advance wages shall in no case, excepting as herein provided, absolve the vessel, or the master or owner thereof, from full payment of wages after the same shall have been actually earned, and shall be no defense to a libel, suit, or action for the recovery of such wages. If any person shall demand or receive, either directly or indirectly, from any seaman or other person seeking employment as a seaman, or from any person on his behalf, any remuneration whatever for providing him with employment, he shall for every such offense be deemed guilty of a misdemeanor, and on conviction thereof shall be punished by a fine of not more than \$100.

"(b) That it shall be lawful for any seaman to stipulate in his shipping agreement for an allotment of any portion of the wages he may earn to his grandparents, parents, wife, sister, or children. But no allotment whatever shall be allowed in the trade between the mainland ports of the United States, or in the trade between the insular ports of the United States, or in the trade between the mainland and the insular ports of the United States, or in the trade between ports of



the United States and the Dominion of Canada, Newfoundland, the West Indies, and Mexico.

“(c) That no allotment note shall be valid unless signed by and approved by the shipping commissioner. It shall be the duty of said commissioner to examine such allotments and the parties to them and enforce compliance with the law. All stipulations for the allotment of any part of the wages of a seaman during his absence which are made at the commencement of the voyage shall be inserted in the agreement, and shall state the amounts and times of the payments to be made and the persons to whom the payments are to be made.

“(d) That no allotment except as provided for in this section shall be lawful. Any person who shall falsely claim to be such relation as above described of a seaman under this section shall for every such offense be punishable by a fine not exceeding \$500 or imprisonment not exceeding six months, at the discretion of the court.

“(e) That this section shall apply as well to foreign vessels as to vessels of the United States; and any master, owner, consignee, or agent of any foreign vessel who has violated its provisions shall be liable to the same penalty that the master, owner, or agent of a vessel of the United States would be for a similar violation; provided, that treaties in force between the United States and foreign nations do not conflict herewith.

“(f) That for the purposes of subsection (e) of this section the master, owner, consignee, or agent of any foreign vessel seeking clearance from a port of the United States shall present his shipping articles at the office of clearance, and no clearance shall be granted any such vessel unless the provisions of this section have been complied with.

“(g) That under the direction of the Secretary of Commerce and Labor the Commissioner of Navigation shall make regulations to carry out this section.”

This section changes existing law by adding a new guard against such advances and allotments of seamen's wages as are now forbidden in the coastwise trade and extends all the guards to the foreign trade.

Then comes this section:

“SEC. 11. That section 26 of an act entitled ‘An act to amend the laws relating to American seamen, for the protection of such seamen, and to promote commerce,’ approved December 21, 1898, be, and is hereby, amended to read as follows:

“‘SEC. 26. That this act shall take effect sixty days after its approval and shall apply to all vessels not herein specifically exempted; but sections 2, 3, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15, 23, and 24 shall not apply to yachts.’”

This section changes existing law by extending to fishing and whaling vessels certain provisions now applicable only to other classes of vessels. The provisions referred to are designed to make the life of a seaman secure and healthful and to protect him in his wages, and the same reasons making them valuable in the case of vessels in general are of force in the case of fishing and whaling craft.

After this comes the twelfth section, as follows:

“SEC. 12. That section 4536 of the Revised Statutes of the United States be, and is hereby, amended to read as follows:

“‘SEC. 4536. No wages due or accruing to any seaman or apprentice shall be subject to attachment or arrestment from any court; and every

payment of wages to a seaman or apprentice shall be valid in law, notwithstanding any previous sale or assignment of wages, or of any attachment, incumbrance, or arrestment thereon; and no assignment or sale of wages, or of salvage, made prior to the accruing thereof, shall bind the party making the same, except such advance securities as are authorized by this title. This section shall apply to fishermen employed on fishing vessels, as well as to other seamen.”

This section changes existing law by giving to fishermen that exemption from attachment of wages which is now enjoyed by seamen in general.

The thirteenth, fourteenth, fifteenth, sixteenth, seventeenth, eighteenth, and nineteenth sections run thus:

“SEC. 13. That before proceeding to sea, the master of every sailing vessel of the United States shall engage a sufficient number of seamen, as provided by the following minimum schedule: Vessels of 200 tons under deck, 5½ effective hands; vessels of 250 tons under deck, 6½ effective hands; vessels of 300 tons under deck, 7½ effective hands; vessels of 350 tons under deck, 8½ effective hands; vessels of 400 tons under deck, 9 effective hands; vessels of 450 tons under deck, 9½ effective hands; vessels of 500 tons under deck, 10½ effective hands; vessels of 550 tons under deck, 11½ effective hands; vessels of 600 tons under deck, 12 effective hands; vessels of 650 tons under deck, 13 effective hands; vessels of 700 tons under deck, 13½ effective hands; vessels of 750 tons under deck, 14½ effective hands; vessels of 800 tons under deck, 15 effective hands; vessels of 850 tons under deck, 15½ effective hands; vessels of 900 tons under deck, 16½ effective hands; vessels of 950 tons under deck, 17 effective hands; vessels of 1,000 tons under deck, 17½ effective hands; vessels of 1,100 tons under deck, 18½ effective hands; vessels of 1,200 tons under deck, 19 effective hands; vessels of 1,300 tons under deck, 20 effective hands; vessels of 1,400 tons under deck, 21 effective hands; vessels of 1,500 tons under deck, 22 effective hands; vessels of 1,600 tons under deck, 22½ effective hands; vessels of 1,700 tons under deck, 23½ effective hands; vessels of 1,800 tons under deck, 24 effective hands; vessels of 1,900 tons under deck, 25 effective hands; vessels of 2,000 tons under deck, 25½ effective hands; vessels of 2,100 tons under deck, 26 effective hands; vessels of 2,200 tons under deck, 26½ effective hands; vessels of 2,300 tons under deck, 27 effective hands; vessels of 2,400 tons under deck, 27½ effective hands; vessels of 2,500 tons under deck, 28 effective hands; vessels of 2,600 tons under deck, 28½ effective hands; vessels of 2,700 tons under deck, 29 effective hands; vessels of 2,800 tons under deck, 29½ effective hands; vessels of 2,900 tons under deck, 30 effective hands; vessels of 3,000 tons under deck, 30½ effective hands.

“In sailing vessels above 3,000 tons under deck, additional seamen shall be engaged at the rate of one-third effective hand for every 100 tons, or one effective hand for every 300 tons; provided, that on vessels of schooner rig using steam for the handling of sails at sea, the number of effective hands required by the foregoing schedule may be reduced as follows: By one, in the case of a vessel of 450 to 500 tons; by two, in the case of a vessel of 500 to 700 tons; by three, in the case of a vessel of 700 to 900 tons; by four, in the case of a vessel of 900 to 1,200 tons; by five, in the case of a vessel of 1,200 to 1,400 tons; by six, in the case of a vessel of 1,400 to 1,800 tons; by seven, in the case of a vessel of 1,800 to 2,300 tons; by eight, in the case of a vessel of

2,300 to 3,000 tons; by one for every 1,000 tons, in the case of a vessel exceeding 3,000 tons: And provided further, that every vessel of less than 1,500 tons using steam for the handling of sails at sea shall carry one man capable of operating a donkey engine; and every vessel of 1,500 tons or more using steam for the handling of sails at sea shall carry two such men. Each donkey man shall be either a carpenter or capable of doing duty of an able seaman, and shall be counted as one effective hand.

"SEC. 14. That not less than three-fourths of each complement called for by the minimum schedule of either the preceding or the succeeding section shall be individually effective hands—that is, of ratings not lower than A. B.

"SEC. 15. That before proceeding to sea the master of every steam vessel of the United States shall engage a sufficient number of seamen, as provided by the following minimum schedule:

Tons (gross).	Master.	Mates.	Carpenter or A. B.	Boatswain or A. B.	Able seamen.	Ordinary seamen.
200 and under 350 .....	1	1			3	1
350 and under 500 .....	1	2			4	1
500 and under 700 .....	1	2			4	1
700 and under 1,000 .....	1	2			4	2
1,000 and under 1,500 .....	1	2			5	2
1,500 and under 2,000 .....	1	3	1	1	5	1
2,000 and under 2,500 .....	1	3	1	1	5	1
2,500 and under 3,000 .....	1	3	1	1	5	2
3,000 and under 3,500 .....	1	3	1	1	6	1
3,500 and under 4,000 .....	1	3	1	1	6	2
4,000 and under 4,500 .....	1	3	1	1	7	1
4,500 and under 5,000 .....	1	3	1	1	7	2
5,000 and under 5,500 .....	1	3	1	1	8	1
5,500 and under 6,000 .....	1	3	1	1	8	2

"In steamers of 6,000 tons and upward one able seaman or his equivalent shall be added for every 1,000 tons.

"SEC. 16. That any sailing or steam vessel proceeding to sea without the full complement of seamen provided for by the minimum schedules of this act shall forfeit to the United States for each effective hand or equivalent a sum double the wages saved by reason of such shortage; provided, that this penalty shall not apply to any vessel unable, after reasonable diligence, to obtain her full complement; and provided further, that in every such case the wages saved during the continuance of undermanning shall be distributed, pro rata to monthly wages, among the seamen employed during such continuance.

"SEC. 17. That for the purposes of this act the able seaman shall be considered the unit upon which to calculate the number of effective hands. Each of the following named shall be counted as one effective hand: Master, mate, carpenter, boatswain, sailmaker, donkey man, able seaman, and apprentice, eighteen or more years of age, and with two years of sea service. Each of the following named shall be counted as two-thirds of one effective hand: Ordinary seaman, apprentice, seventeen years of age, and with one year of sea service, steward, male cook. Each of the following named shall be counted as one-third of one effective hand: Apprentice under seventeen years of age, boy.

"SEC. 18. That an able seaman within the meaning of this act must be nineteen or more years of age, and must have had at least three years of experience at sea, on deck, of which at least one year shall have been spent aboard a sailing vessel; and an ordinary seaman within

the meaning of this act must be eighteen or more years of age and must have had at least one year of experience at sea, on deck.

"SEC. 19. That no person shall be engaged as an able seaman or an ordinary seaman except upon proof that he is such within the meaning of this act. It is hereby made the duty of every board of local inspectors to examine applicants claiming to be able seamen or ordinary seamen, and to issue to each such applicant, after examination, provided he shall have shown the requisite fitness, a certificate as an able seaman or an ordinary seaman, as the case may be, which certificate shall be at all times retained by the person to whom it is issued. And any able seaman or ordinary seaman may prove his rating within the meaning of this act by producing the certificate issued to him by any board of local inspectors in pursuance of this section."

All of these sections are new. They apply to American vessels the manning schedules recommended by the British Board of Trade committee appointed to inquire into the manning of British merchant ships (June, 1896), except that a proviso is added making due deductions because of the difference of rig which enables numerous American vessels, especially in our coastwise trade, to run with fewer seamen than commonly required by British bottoms.

The law as it stands in terms requires that American vessels shall be "properly" manned, but the requirement is meaningless in the absence of definition of skill and fixing of manning minimums. The change proposed is thus only in effectuation of existing law.

"SEC. 20. That every sailing or steam vessel voyaging between mainland ports of the United States, or between mainland and insular ports of the United States, or between insular ports of the United States, shall carry in her crew a boy or boys as follows: If she be of 300 tons or more, but under 1,500 tons (under deck), at least one boy; if she be of 1,500 tons or more (under deck), at least two boys. Any vessel leaving any port of the United States without the boy or boys required by this section shall be liable to a penalty of \$100 for each offense; provided, that this penalty shall not apply if, after reasonable diligence, the boy or boys required by this section could not be obtained."

This section is entirely new. It is designed to encourage the training of boys in our merchant marine, and, taking notice of the immunity from competition with other nations characterizing vessels engaged in our coastwise trade, requires those vessels to carry a small proportion of boys in crews when boys may be obtained.

### THE SOUL OF THE SHIP.

[Editorial in Coast Seamen's Journal, San Francisco, Cal., August 3, 1904.]

### THE MEAT OF THE MATTER.

In all the years of discussion upon the question of improving the condition of American shipping, and in all the plans that have been proposed to that end, hardly any attention has been paid to the purely human side of the case. It seems to have been assumed that the trouble is solely a physical matter, a matter of ships alone. The seaman has been left out of consideration entirely until quite recently, when he was tacked on to a certain legislative proposal, with a very bad grace

and as a merely nominal beneficiary. This method of treatment carries on its face the explanation of its failure to command the approval of the people. A ship, considered simply as a ship, never did, never can, and never will, arouse any more interest in the human breast than that attaching to a mud scow or a stone wall. It is by the association with the ship of other and more vital things that public interest in the subject is created. Only so long as that association exists will public interest be maintained. Men have sung the glories of the American ship and women have prayed, or laughed, or wept, with the changing fortunes of that craft because she was American in her vital as well as in her physical parts—because she was manned by American men and boys. The hearts at home have gone out to the hearts at sea. The homeliest old ballahoo that ever bruised her way through salt water, be she manned by the sons of Maine and California, will carry with her more real American interest than will the proudest liner that ever flew the bunting of the United States, be she manned by Chinese. Before the American people can be aroused to take interest in American shipping they must be aroused to take interest in the American seamen.

This condition is unattainable at the present time for the reason that the conditions of sea life under the American flag repel the American, boy and man. These conditions are mainly—we might say solely—due to the state of the navigation laws of the country. These laws are antiquated and disgraceful, compared to American standards; they were designed to govern slaves and are maintained for the purpose of making slaves. No American boy with any spunk in him will submit himself to the conditions created by the maritime law, except (as frequently happens) as the alternative of a term in prison. Take any trade that now attracts the American boy and holds the American adult, apply to those who follow it a special code of laws obnoxious to all conceptions of Americanism, repugnant to the dictates of humanity and condemned by the instincts of decency, and it may be regarded as certain that that trade would speedily be shunned by American labor. And if consulted about it the American people would be very likely to declare that if such laws are really necessary to the continuance of the trade in question it would be a mercy to let the trade die in order to be rid of the laws. Such, in effect, is the attitude of the American people to-day toward the trade of seamanship. To create a healthy popular interest in the whole subject of American shipping it is necessary to alter the laws affecting American seamen, thus, by inducing Americans to accept service at sea, creating an interest in the vital element of the subject, and also, by reflex action, in the physical considerations involved.

This may be regarded as a somewhat tortuous route, but it must be remembered that in certain circumstances "the longest way 'round is the shortest way home." At any rate, it is quite evident that no approach to the goal has been made under the more "practical" and purely material methods so far proposed. Upon the principle that next to knowing how to do a given thing, to know how not to do it is the chief desideratum, we may be said to have made considerable advance, if only in a negative way, toward solving the problem of American shipping. We have learned that the respective panaceas so confidently urged upon the people are absolutely powerless to accomplish the object in view. Not but that these plans look and sound well

enough, but, like the machine for creating perpetual motion, they lack the necessary yet indefinable something or other to make them "go." To make it "go" at all, any plan for the rehabilitation of the American merchant marine must "go" with the public. The accomplishment of this object is, as we have said, a matter of altering the law as applied to seamen, and the latter, in turn, is mainly a matter of understanding the substance and effect of existing law. Let us, therefore, briefly consider this moral, or sentimental, aspect of the question. But first let us consider for a moment the character of the plans heretofore proposed, with a view to tracing the causes of their failure.

#### HISTORY OF THE SUBJECT.

For more than thirty years this subject has been under discussion as a feature of party platforms, Presidential messages, and legislative measures. Congressional committees, appointed by both House and Senate, have investigated and reported upon this or that method of procedure. The total results so far achieved are represented in the enactment of several minor laws, the effect of which has been merely to alleviate the defects of previous legislation.

Proceeding upon the theory that the backward state of our over-sea shipping is due to the "greater cost of operation," the earlier of these measures granted shipowners the privilege of engaging crews in foreign ports, thus equalizing the rate of wages paid to seamen on American and foreign vessels. Another act, based upon the premise of "greater cost of construction," removed the tariff on imported ship-building material, in order to lessen the disadvantage of the American shipbuilder in the construction of metal vessels to compete with the modern products of foreign shipyards. A third measure admitted to American registry certain foreign-built steamships, under terms ostensibly designed to stimulate the building of similar vessels in the United States.

"Free-ship" bills and amendments, looking to a general application of the policy of admitting foreign-built vessels to American registry, under certain limitations, have been introduced in Congress from time to time. It has also been proposed to levy a "discriminating duty" upon all cargoes imported in foreign bottoms. Neither of these latter measures, however, has received more than a perfunctory consideration.

The action thus far taken has left the principle of our shipping legislation untouched and its tendencies unaffected. The condition that it was intended to change, or at least to modify, has continually grown more and more acute during an extended experience under the attempted reforms. Individual interests have undoubtedly benefitted to the extent that they have been exempted from the effects of general conditions. But that fact simply accentuates the failure of the means so far adopted when it is considered that the merchant marine, as a whole, has steadily declined.

The experience under past efforts and the conclusions drawn therefrom have recently been embodied in certain measures popularly known as subsidy bills. In substance these bills propose to pay a specified sum to American shipowners as an equivalent of the alleged greater outlay incurred by the latter in competing with shipowners in other countries. The theory of these bills is that American foreign-going shipping has fallen behind that of other countries because of the

"greater cost of construction and operation" incurred by the former and the more liberal government aid accorded to the latter. The payment of subsidies equal to this assumed difference in the terms of competition will, it is confidently declared, place the American shipowner on an even footing at the outset. The final result will be left for business enterprise and ability to decide.

If the results that may be reasonably expected of these bills are to be measured by the objects embraced in their provisions, their failure will be the more marked in proportion as their scope is wider than that of their predecessors. In all previous efforts to improve the merchant marine the subject has been considered in its purely commercial aspect. Measures have been devised in the interests exclusively of the shipper and shipowner, the public welfare being concerned only incidentally and by implication. No provisions have been made with the specific object of conserving the natural relations between the mercantile and naval services; that phase of the subject has been disposed of by tacit agreement as a subordinate matter that might safely be left to adjust itself. In this respect the bills recently submitted to Congress are original, since they regard the merchant marine in an essentially public capacity—as an arm of the naval defenses. Those bills are, in their main provisions, measures, not of private business interests, but of public safety.

The economic feature of these bills—i. e., the provisions for the advancement of the merchant marine, as such—being merely a means to the end of strengthening the naval service, a judgment of their merits must be based upon their probable effects in the latter regard. In view of these facts, any results that are limited to a mere increase in the number of merchant vessels must be considered proof of failure.

The main object sought by these measures is "to provide ships and seamen for Government use when necessary." To be proved a success the bills must provide ships and seamen useful not only for mercantile but for naval purposes. Moreover, the ships and seamen thus provided must be more useful for these purposes than those obtainable in the present circumstances. It will be seen upon a moment's reflection that these objects—ships and seamen—can not be attained by one and the same means. In their essence one is a physical and the other a moral question. During the long discussion of the subject this important and necessary distinction seems to have entirely escaped general notice. The omission is the more remarkable in the case of those who have opposed the pending legislation on principle, since it is in the promiscuous association of different and opposing elements in those measures that their principle is most vitally at fault. It is possible, of course, by the simple payment of subsidies to increase the number of ships; hence the disagreement between those who favor and those who oppose subsidies for that purpose is, properly speaking, merely a difference of policy. The transaction involved is in the nature of a purchase; therefore, as applied to the end of "providing seamen," the payment of subsidies implies the difference in principle between buying ships and buying men. In the former case the issue lies between the order of statesmanship that draws its inspiration from an affluent treasury and that which guides and conserves the individual activities. In the latter instance the question to be decided is between conscience and politics, honor and turpitude, sincerity and empiricism.

## PRESENT CHARACTER OF CREWS.

In respect both of the services to be rendered and the means of securing them, the question of "providing seamen" is the most important feature of the proposed legislation for the rehabilitation of the merchant marine, as it must be of any measure for the creation of a naval reserve. The relation of the merchant marine to the navy is chiefly as the nursery of seamen. In that view the character of the merchant seaman is a potent and ever-present factor in computing the strength of a naval establishment. Important as is this question under the most favorable circumstances, it has assumed abnormal proportions in the case of the United States Navy, by reason not only of the scarcity of seamen for the immediate needs of that service, but also by the fact that the merchant marine has ceased to afford a source of supply for the present or future.

The number of Americans, native and naturalized, in the merchant marine of the United States at the present time is considerably less than 50 per cent of the whole number employed in that calling. Considering the seamen employed in the coastwise and in the foreign-going trades as separate classes, which, indeed, they are, we find that the percentage of Americans is much higher among the former and much lower among the latter, as compared with the percentage among the total number of seamen. In other words, the large majority of the seamen employed in the coastwise trade are American citizens, while in the foreign-going trade—the trade that is considered throughout this discussion—the opposite condition prevails. If we consider the man before the mast alone, as the determining factor in the case, the percentage of Americans in the foreign-going trade is reduced to practically nothing. But an even more suggestive feature of American ships' crews, especially when considered in their relation to the public service, is their continual deterioration in point of skill and personal character. The man of seamanlike qualities, whether of American or foreign nativity, is giving way to an element inferior in every respect to that in the service of other countries. The fact is significant, as showing that the problem involves not merely a matter of nationality, but also a consideration of the rules that govern mankind in general in the choice of employment.

Obviously, the remedy for this condition must lie in a measure based upon a knowledge of these rules. The only remedy so far proposed is contained in a provision that subsidized vessels shall carry a certain proportion of Americans in their crews. This stipulation implies, of course, the inability of the shipowner to employ Americans under existing circumstances, owing presumably to a difference between the American and the foreign rate of wages. The purpose of the proposed subsidy is, by offsetting this difference, to make possible the employment of Americans without disadvantage in the terms of competition. In a word, the theory of subsidies in this particular matter, resolves itself into a mere question of adjusting wages. But one inference can be drawn from this method of dealing with the effect—namely, that the scarcity of American seamen is caused by a low rate of compensation.

This reasoning, in view of the known inferiority of American ships' crews, is inconsistent with the shipowners' claim that they are even now paying higher wages than their competitors. If the character of



the seaman were dependent upon the rate of wages, the higher wage paid to seamen now employed on American ships would naturally command a quality of service at least equal to that of foreign crews. In reality the same general rate of wages prevails among all seamen in any given trade, irrespective of the nationality of the vessel upon which they may be employed. It is the wage rate of the port in which the seaman is engaged, not the flag of the ship, that governs in the case. It is evident, therefore, that the cause of the low estate of our merchant-marine personnel must lie deeper than any purely material circumstance of sea life.

#### SEAMEN AND PUBLIC OPINION.

To find a sufficient explanation of the American's aversion to the American ship (for he is still to be found in considerable numbers on the ships of other nations), it is only necessary to consider briefly the position of the seaman in the United States, in his legal, moral, and social relations to his fellows on land. In the theory of admiralty law the seaman is incapable, irresponsible, and irredeemable. The necessarily humiliating effect upon the seaman himself of this characterization is aggravated by its effect upon the public, which is compelled to accept the seaman at the low estimate thus authoritatively placed upon him. The whole theory and practice of the law has been aptly summed up by Justice Harlan, of the United States Supreme Court, who, in the *Arago* case, said: "Their [the seamen's] supposed helpless condition is thus made the excuse for imposing upon them burdens that could not be imposed upon other classes without denying them the rights that inhere in personal freedom." This condition has its logical counterpart in the customs and traditions of the trade. In the system under which the seaman is employed and in the treatment accorded him by those in authority at sea every canon of justice, decency, and even humanity is frequently outraged.

The details of the evils thus barely hinted at are familiar to every one having the slightest acquaintance with maritime affairs. The effect is doubly repellent. It operates through the personal feelings of the seamen and those who may contemplate a seafaring career and through their regard for the feelings of the public. In the final analysis it is the public, not the individual judgment, that determines the character of the man following the sea or other calling. It is not what the seaman suffers under the law and custom of his profession, not how he stands before his own conscience, but how he stands before his fellow-men that ultimately governs his course.

The case of the seaman is an instance of the law of progress, which has been defined as "association in equality." In obedience to that law men choose, so far as they may, between those vocations which equally typify usefulness, respectability, and honor in the community. The ratio between the land and sea workers of the leading maritime countries bears out this statement. Whether regarded as cause or effect, the fact is significant that in Scandinavia and in the United States, in which countries the seafaring classes represent, respectively, 3.55 and 0.35 per cent of the population, the social standing of the seaman is proportionately high in the former and low in the latter instance. Taking for granted, as we must, that public sentiment toward the seaman is formed upon a judgment of the nature and cir-

cumstances of his calling, not merely upon a consideration of the numbers engaged therein, the conclusion is inevitable that to this sentiment is directly and primarily attributable the fact that the Scandinavian follows the sea by choice, while the American follows it, if at all, by necessity.

Any steps toward changing the general make-up of the crews employed in our merchant marine, either in respect of nationality or individual character, must aim to elevate the profession of the sea in the view both of the seaman and of the public. This can only be done, first, by changing the practical conditions of sea life so as to conform them to the ordinary requirements of honesty and decency, as understood by the man ashore, and, secondly, by changing the principle of maritime law so as to raise the seafaring class, in the public estimation, from a condition of practical outlawry to one of equality, in point of personal freedom, with other industrial classes. Admittedly, it will require intelligence, earnestness, honesty, and probably some courage to achieve these ends.

The claim made by those who favor ship subsidies, namely, that such a measure will increase the number of Americans in the merchant service, premising, as it does, the virtue of patriotism in that class, is an admission particularly significant when its source is considered, that sentiment is, after all, a factor in any properly conceived scheme of utilitarianism. The value of the seaman of American birth or naturalization lies not so much in the material service that he may render in his daily life, whether in the merchant or naval marine, as in the moral strength that he gives to the nation. A people governed in its maritime policy by care for the character of its seamen may rest assured of ample returns on the part of the latter in their keener sense of responsibility for the defense of the common interests.

On the other hand, a maritime policy based upon the premise that the ship and the shipowner are the only factors that need be seriously considered, that these are an object of proper and obligatory public concern, and that the seaman is merely an item of cost, like coal or canvas, which must be cheapened, economized upon, and so far as possible eliminated, is a policy distinctly mercenary in character and destructive of the vital forces that make for strength and permanency.

#### EFFECT OF PAST TREATMENT.

It is because the latter policy has been followed by the United States and Great Britain that the question of finding seamen who can be relied upon for national defense has become a momentous issue in the politics of both countries. Other maritime nations have pursued the same general policy, but their different circumstances afford them remedies peculiarly their own. While the laws of commerce have developed similar tendencies in the merchant fleets of the world, the basic institutions of the English-speaking nations preclude recourse to similar remedies. Germany and France have in their systems of compulsory service a means of supplying whatever demand may arise for native seamen in the public defense. But that which these countries may do by force the United States and Great Britain must accomplish, if at all, by persuasion, invitation, and example.

It is significant, as well of the relatively larger place occupied by sentiment in the opinion of the British public on all national questions

as of their greater interest and more extended experience in this particular matter, that questions concerning the treatment of seamen, and the improvement that may be made in that respect, are given more prominence in England than in the United States. Naval authorities, as well as laymen, who have investigated the growing decrease in the number of British seamen describe the situation as a "physical struggle for national existence." They quote, as applicable to their own race—as the warning and portent of the greatest epoch in the history of maritime enterprise—the words of Admiral Monson, a seventeenth century authority: "Notwithstanding the necessity they have of sailors, there is no nation less respectful of them than the Spaniards, which is the principal cause of their want of them; and till Spain alters this course, let them never think to be well served at sea." Does not this "sentiment" of the Elizabethan day contain a special significance for the present generation of Americans? That the British public at any rate has not failed to note the lesson taught by the fate of Spain is evident.

But while, in the general discussion of the subject, British public opinion leads that of the United States in point of intelligence, the practical—the legislative—phase of its treatment is in both countries marked by the same fatal defect. For reasons not far to seek the measures now before Congress and Parliament are designed to encourage the shipowner, not the seamen, on the theory, presumably, that the benefits conferred upon the former will in some way, and of necessity, encourage men to accept service under him; in other words, that the shipowner will, of his own volition, divide his gains with the seamen. This reasoning, while pleasing to the altruistic sense, is opposed to all facts and forces of the present economic conditions. But, as has been shown, such a plan, even if practicable, must fail, for the reason that it does not deal with the real question at issue.

Any legislation, to be effective, for the purpose of increasing the number of Americans in the merchant marine, must be addressed directly to the seaman, actual or prospective. It must deal, in the first place, with those circumstances of the seaman's life which, having their origin in the needs of the past, have become the reproach of the present. The causes that deter the American from following the sea being mainly a matter of public opinion, with the public rests the obligation to remove them. A vital point to be considered by legislators in this connection is, that it is to themselves, as representatives of the whole people, that they must apply the law—that the question involves their personal responsibility for the discharge of a public duty, not merely their regard for the interests of the shipowners or other class.

The object ostensibly sought by the plans now under consideration is, to "provide seamen for Government use when necessary." In the end, then, it is the quality of the seamen provided—their adaptability to the specific purpose set forth—that must be considered the criterion of success or failure. It would make little or no difference in the ultimate judgment if the law, by a mandatory provision, effected an increase in the number of Americans in the merchant marine of the country, unless it thereby increased the usefulness of that service to the Government. Neither would it make any difference what the nativity of the seamen provided by the bill might be, if only they were fitted for the purpose in question. The demand for Americans in the merchant marine is based upon a presumption of their greater useful-

ness to the Government, and is limited by the degree in which that presumption holds good. In other words, nationality complements, but in no sense supersedes, personal character and skill in a correct estimate of the seaman's usefulness, whether to the Government or the shipowner. The passage of any law, dealing solely with the matériel of the merchant marine, although it might increase the number of Americans in the merchant marine, would not, by that fact, accomplish anything for the effectiveness of the naval service. On the contrary, by its failure to deal with the causes that have led to the present condition of American ships' crews, it must fail to increase their usefulness as a reserve force. It would leave the Navy in its present anomalous state—most vulnerable where it should be strongest.

#### THE REMEDY PROPOSED.

. The measures proposed by the American seamen with the purpose of improving the navigation laws of the United States so that sea life shall become attractive, or at least cease to be repellent, to the boys and young men of the country, and at the same time extend to those men now following the sea in American vessels a measure of justice and protection which shall tend to prevent them from seeking other occupations as the only relief from existing conditions, are contained in a bill now pending in Congress. This bill (H. R. 13771) was introduced on March 11 by Representative Livernash, of California, at the instance of the International Seamen's Union of America. The general scope of the measure is outlined in its title, as follows: "A bill to amend the laws relating to American seamen, to prevent undermanning and unskilled manning of American vessels, and to encourage the training of boys in the merchant marine." The bill contains twelve general provisions, namely:

"1. Watch-and-watch at sea; prohibiting unnecessary work on Sundays and legal holidays, and limiting the day's work to nine hours in safe harbor.

"2. Increasing the amount of extra pay to which the seaman is entitled in event of delay in paying off.

"3. Prohibiting the 'No-money-in-port-except-at-master's-option' clause now commonly inserted in shipping articles.

"4. Enabling the majority of the crew to demand a survey in a foreign port.

"5. Enlarging forecastles of seagoing vessels, and improving the sleeping accommodations for deck hands on the Mississippi River and its tributaries.

"6. Abolishing imprisonment for desertion in a foreign port.

"7. Prescribing the powers of consular officers in the matter of disputes between shipmasters, officers, and seamen.

"8. Making effective the penalties for ill-treatment of seamen.

"9. Increasing the minimum rations of water and butter, stipulated in the 'Scale of provisions.'

"10. Increasing the penalty for and making effective the prohibition against paying advance or allotment.

"11. Extending to fishermen the provisions against attachment of seamen's wages.

"12. Providing a manning scale for all vessels, steam and sail, and stipulating the qualifications of seamen thereunder."

Each of these provisions deals with an important phase of the seaman's life. Those features of the bill which carry the greatest significance in the conduct of seamen's affairs may be briefly explained. Watch-and-watch at sea is designed to put a stop to the practice of keeping all hands on deck at sea when one watch ought to be resting. The prevailing custom deprives the seaman of the rest necessary to a state of strength and alertness in times of emergency. The prohibition of unnecessary work on Sundays and legal holidays is designed to extend to the seaman a privilege enjoyed by workmen on land, while the limitation of the day's work to nine hours will conform the conditions of the seaman in that respect to those quite commonly prevailing among land workers. Of course, it is understood and stipulated that nothing in this or any other feature of the bill shall operate to restrict the right of the master or other officer of a vessel in commanding the services of the crew at whatever time and for whatever period may in his judgment be necessary for the safety of the vessel, passengers, or cargo. These and all similar provisions are designed to operate only in "safe harbor."

The provision prohibiting the insertion of the "no-money-in-port-except-at-master's-option" clause in shipping articles is necessary to protect the seaman's right (already granted by the law, R. S., 4530) to one-half of the wages earned and due at any port of lading or discharge during the voyage. By protecting the seaman against being compelled to sign away his right to a part of his wages during the voyage, he will also be protected against the crimps, who prey upon his necessities, thus removing a very fruitful cause of desertion.

The enlargement of forecastles is a necessary measure for the health and comfort of crews. In this respect the bill simply requires that old vessels—that is, vessels built prior to 1898—shall be required to conform to existing law on the subject as applied to vessels built since that date. Most forecastles in old vessels are unfit for habitation, both as to size and as to equipment, ventilation, etc.

The abolition of imprisonment for desertion in a foreign port is called for upon the general ground that such imprisonment is in violation of the spirit of American institutions and upon the specific ground that it serves no purpose necessary to the dispatch of vessels, but is merely held "in terrorem" over the seaman as a means of making him submit to abuses which, were he free to leave his vessel, would not be imposed upon him. The present law is a survival of the ancient punitive system, which until quite recently prevailed throughout the navigation laws. Whatever justification may have existed at one time for the law of imprisonment for desertion has been removed by the changed conditions of shipping throughout the world—specifically, by the fact that seamen may be procured in any port and at practically a common rate of wages. The moral effect of the present law is to place the seaman in a position closely resembling slavery, in the sense that it denies the seaman the personal liberty which is regarded as the birthright of Americans. So long as this status is maintained Americans can not help but regard seamen as an outlawed class.

The manning-scale feature of the bill is designed to remedy a very serious defect in existing law. As the law now stands there is absolutely no requirement concerning the strength or individual capacity of ships' crews, excepting that steamers carrying passengers are required to carry a "full complement of licensed officers and full crew,

sufficient at all times to manage the vessel, including the proper number of watchmen." (R. S., 4463.) These provisions are vague, and they are administered with a view mainly to the interests of the shipowner. For the safety of life and property at sea it is necessary that the law shall provide for the proper manning of vessels, not only as to the number of men constituting a crew but also and more imperatively as to the individual competency of the men who are employed.

#### ALL SUMMED UP.

To close these remarks as they were begun: The soul of the shipping question, as of the ship herself—the feature that alone can command the interest of the American people—is the seaman. Shipowners, shipbuilders, and their very "practical" friends in and out of the legislative halls, may tie to the body of the problem, to the question of increasing the number of ships under the American flag. The latter view of the proposition is simple enough in all conscience; it is simply a matter of buying and selling. But the trouble is that while you may buy and sell ships you can not buy and sell men. The sculptor can mold a piece of clay into a likeness of the human form, but only God can make the human head think and the human heart beat. Without the divine touch, the most lifelike sculpture is but a piece of clay or stone. The shipowner and the shipbuilder, aided by the Government, may find ships to carry the American flag across every sea and into every seaport of the world, but God alone can make these American ships in fact and spirit as well as in name. Let it not be forgotten that the real nationality of a ship is the nationality of her crew, not that of her flag. The American people must be induced to put their hearts into the question. Finally, it is a foregone conclusion, requiring no particular business acumen to divine nor statesmanship to apprehend, that the American people will never put very much heart into the shipping problem so long as the vital feature of that problem is represented by a Chinaman or other species of cheap laborer.

[Editorial in Coast Seamen's Journal, San Francisco, Cal., August 3, 1904.]

#### SEAMEN AND SLAUGHTERMEN.

Whatever ground may exist for debate as to the cause of the great loss of life attendant upon the burning of the steamer *General Slocum*, it can not be disputed that one great contributory cause lay in the inefficiency of the crew. The crew of the *Slocum* were not seamen at all. That is not saying that they were not individually as courageous and alert as any like number of seamen would have been. Comparisons of that kind are immaterial; the only point worth noting is that the *Slocum's* crew did not know how to adapt themselves to the circumstances of the disaster. In almost any other circumstances of emergency these men might have come up to all reasonable requirements of the occasion, just as a landsman may outstrip a seaman in the essentials of a fire fighter on land. But the requirements of a successful fire fighter at sea are of a part with the general requirements of seamanship, and these, in turn, although partly natural, are in the main a matter of acquirement through years of practice on board ship. In

the moment of dire emergency, such as befell the *General Slocum*, the man who counts is he who knows how to carry out orders and how to act without orders, who knows when to act and when not to act.

Of course it is morally certain that the *Slocum* disaster would have been attended with great loss of life even had she been manned by the best seamen in the world. No amount of human courage and skill could have prevented a terrible result; that followed the other circumstances of the case as inevitably as effect follows cause. The utmost that good seamanship can do in such circumstances is to greatly mitigate the horrors of the situation, to reduce the loss of life to a minimum, and to free the event from those pricks of conscience that arise from the reflection that the greater loss of life involved was due not to the primary, but to incidental, causes. This reflection derives its weight from the known facts of maritime history, facts which uniformly demonstrate that, given half a show, a crew of seamen will work apparent miracles in life-saving; facts which also demonstrate that, given all the show in the world, a crew of raniks is simply a crew of slaughtermen.

It may be said that there is no need of practical seamen on inland water craft, and that to require the employment of such men would be to impose a condition out of all proportion to the ordinary exigencies of the business. There may be something in this view; at least it is a view that vessel owners and other business interests may see fit to debate. But the public, it would seem, will take the view that no considerations of that kind should be allowed to stand in the way of preventing a repetition of the *Slocum* affair, even on a small scale, and that any requirements, no matter how drastic, so long as they are conformable to the ordinary laws of safety, would be less expensive in the end than the loss of a single life, let alone of the lives of a thousand Sunday school children and parents. Such being the view of the public, it should also be the view of those who represent the public in a legislative or other capacity.

Mr. FURUSETH. Now, coming back to the wage condition, I said that the wage condition on shore is such that it inevitably draws the men from the sea to the shore. In order to show that plainly, I beg here to file tables of wages of the vessels of different nations and of our vessels, and also a table containing a list of wages paid to every skilled mechanic on shore.

The tables referred to are as follows:

*Wages of able seamen from different ports in Great Britain, compiled by Henry W. Macrosty, B. A.; also prevailing wages of able seamen from different ports in the United States of America.*

WAGES OF ABLE SEAMEN ON SAILING SHIPS (DEEP-WATER TRADE) 1870-1900.

[Prevailing monthly wages in shillings.]

From—	1870.	1880.	1885.	1890.	1895.	1896.	1897.	1898.	1899.	1900.
Newcastle and Shields.....	50-55	50-55	55-60	70	60	60	60	60	65	60-65
Middlesborough.....					55-60	60	60	55	60	60
Cardiff.....					55	55	60	60	60	60
Swansea.....					55	55	60	55	60	60
Liverpool.....	50-65	50-60	55-60	60-70	55	55	55	55	55-60	60
London.....	50-70	50-55	55	70-75	55	55	55	55	60	60-65
Glasgow.....	55	45-50	55	70	55	55	55	55	60	60

# 1274 HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION.

## Wages of able seamen from different ports in Great Britain, etc.—Continued.

### WAGES OF ABLE SEAMEN ON STEAMSHIPS (DEEP-WATER TRADE) 1870-1900.

[Prevailing monthly wages in shillings.]

From—	1870.	1880.	1885.	1890.	1895.	1896.	1897.	1898.	1899.	1900.
Newcastle and Shields.....	70	70	70-75	90-95	80	80	80	85	90	90
Middlesborough.....					80	80	80	85	90	90
Bristol.....		70	70	100	70-80	70-80	75-80	80	80-90	80-90
Cardiff.....					70	70	80	80	80-90	80-90
Swansea.....					75-80	75-80	80-85	80-85	90	80-90
Liverpool.....	55-80	50-80	55-80	70-90	60-90	60-90	60-90	60-90	60-90	60-90
London.....	50-80	60-75	60-75	80-90	70-85	70-80	70-80	70-80	70-80	80-90
Glasgow.....	65-80	60-70	60-70	80-90	70-80	70-80	70-80	70-80	80	80
Dublin.....					75	75	80	80	90	90
Belfast.....					70	70	80	80	85	85

### WAGES OF ABLE SEAMEN ON STEAMSHIPS SAILING FROM LONDON AND LIVERPOOL ON DIFFERENT VOYAGES, 1880-1900.

[Wages in shillings.]

From London for—	1880.	1885.	1890.	1895.	1896.	1897.	1898.	1899.	1900.
East coast of North America.....	65-70	70	90	80	80	80	80	90	90
South America and West Indies.....	60-65	65-70	80-85	70	70	70	70-80	80	80
East India and China.....	60-65	65-70	80-85	70-85	70	70	70	80	80
East coast of Africa, etc.....	70	65-70	80	70-80	70-80	70-80	70-80	80	80
Mediterranean ports.....	65-75	65-75	80-90	75	75	75	70-80	80-85	80-85

From Liverpool for—	1880.	1885.	1890.	1895.	1896.	1897.	1898.	1899.	1900.
East coast of North America.....	70-80	75-80	90	80-90	80-90	80-90	80-90	80-90	80-90
South America.....	55-60	55-60	80	70	70	70	70	70	70
East India and China.....	55	60	80	70-75	75	75	75	75	80
West coast of Africa.....	50	50	70-80	60	60	60	60	60	60
Mediterranean ports.....	55	60	80	70	70	70	70	70	70

### PREVAILING MONTHLY WAGES OF ABLE SEAMEN ON SAILING SHIPS SAILING FROM AMERICAN PORTS (DEEP-WATER TRADE), 1900-1904.

From New York.....	\$18
From Philadelphia.....	18
From Baltimore.....	18
From San Francisco.....	20
From Port Townsend.....	20
From Honolulu, Hawaii.....	20

### PREVAILING MONTHLY WAGES OF ABLE SEAMEN ON STEAMSHIPS SAILING FROM AMERICAN PORTS (DEEP-WATER TRADE), 1900-1904.

From New York.....	\$25
From Boston.....	25
From Philadelphia.....	25
From San Francisco.....	25-30

### Partial list of wages paid in different occupations on shore in San Francisco, Cal.

Actors.....	per week..	\$25.00	\$30.00	\$40.00
Bicycle workers.....	per day..		3.00	3.50
Bread bakers.....	per week..			18.00
Bakery drivers.....	do.....			18.00
Cracker bakers.....	per day..		2.00	4.00
Pie bakers.....	per week..	15.00	18.00	20.00
Barbers.....	do.....	14.00	15.00	16.00
Carriage blacksmiths.....	per day..	3.00	3.50	4.00
Machine blacksmiths.....	do.....	3.15	3.60	4.50
Blacksmith helpers.....	do.....			2.25



## HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION. 1275

Pipe and tank makers .....	per week ..	\$2. 75	\$3. 80
Bookbinders .....	per week ..	16. 50	19. 50
Boot and shoe cutters .....	do .....	\$15. 00	18. 00
Brewery workmen .....	do .....		21. 00
Beer bottlers .....	do .....	14. 00	16. 50
Broom makers .....	per day ..		2. 00
Baggage messengers .....	per week ..		17. 50
Barber-shop porters .....	do .....		10. 50
Bootblacks .....	do .....	11. 00	12. 00
Bottle caners .....	do .....		14. 00
Pile drivers .....	per day ..	3. 50	4. 00
Carpenters .....	do .....		4. 00
Carriage painters .....	do .....		2. 50
Carriage woodworkers .....	do .....		3. 00
Cigar makers .....	do .....		2. 00
Shoe clerks .....	per week ..		15. 00
Clothing clerks .....	do .....		14. 00
Drug clerks .....	per month ..	60. 00	65. 00
Coopers, tight barrel .....	per week ..		21. 00
Machine coopers .....	do .....		17. 50
Cemetery employees .....	per day ..		2. 50
Electrical workers, linemen .....	do .....	3. 00	4. 00
Stationary firemen .....	do .....		2. 75
Flour and cereal mill employees .....	per day ..	2. 00	2. 25
Foundry employees, casting chippers .....	do .....		2. 50
Freight handlers .....	per month ..		50. 00
Garment workers .....	per week ..		10. 00
Fish cleaners .....	do .....	12. 00	25. 00
Janitors .....	per month ..		55. 00
Cloakmakers .....	per week ..		12. 00
Glove workers:			
Men .....	do .....		15. 00
Women .....	do .....		8. 00
Waiters .....	do .....		10. 50
Bartenders .....	per month ..	65. 00	70. 00
Cooks .....	per week ..		15. 00
Cook's helpers .....	do .....		8. 00
Gas workers .....	per day ..	3. 25	3. 65
Leather workers on horse goods .....	do .....	2. 75	3. 00
Tanners .....	do .....		2. 25
Machinists .....	do .....		3. 25
Coppersmiths .....	do .....		3. 50
Machine hands .....	do .....	2. 00	3. 00
Range workers .....	do .....		3. 00
Butchers .....	per week ..	12. 00	15. 00
Can makers .....	per day ..	1. 65	2. 25
Iron molders .....	do .....		3. 50
Core makers .....	do .....		3. 25
Musicians .....	per week ..		20. 00
Milkers .....	per month ..	3. 00	40. 00
Paper-box workers .....	per week ..	8. 00	12. 00
Patternmakers .....	per day ..		3. 75
Press feeders and assistants .....	per week ..		11. 00
Paste makers .....	per day ..		2. 25
Steamship painters .....	do .....		3. 50
Street car men .....	do .....		2. 45
Sailors .....	per month ..	25. 00	50. 00
Sugar workers .....	per day ..	2. 75	3. 00
Ship drillers .....	per day ..	1. 75	2. 75
Stove mounters .....	do .....		3. 00
Boat builders .....	do .....	3. 00	4. 00
Shipjoiners .....	do .....		4. 00
Shipwrights and caulkers .....	do .....		3. 50
Stereotypers and electrotypers .....	do .....		3. 25
Steam fitters .....	do .....	3. 25	4. 00
Steam fitters' helpers .....	do .....		2. 25

# 1276 HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION.

## Soap, soda, and candle workers:

Men.....	per day..	\$0. 252
Girls.....	per week..	7. 50
Stablemen.....	per day..	2. 50
Hackmen.....	do.....	2. 25
Milk wagon drivers.....	do.....	2. 50
Furniture and piano drivers.....	do.....	3. 00
Soda and mineral water drivers.....	per week.....	18. 00
	per month.....	60. 00
Tobacco workers.....	per week.....	\$5. 00 18. 00
Travelers' goods and novelty leather workers.....	per day..	2. 25
Mailers.....	do.....	3. 25
Typographical.....	do.....	3. 16 5. 00
Upholsterers.....	do.....	3. 50
Undertakers.....	per month..	75. 00
Furniture handlers.....	per day..	1. 75
Picture frame workers.....	per week..	15. 00
Box makers and sawyers.....	per day..	2. 50
Reed and rattan workers.....	per week..	15. 00

RUSSELL I. WISLER,  
Secretary Labor Council.

JULY 15, 1904.

Mr. FURUSETH. I wish to say, in using the expression "skilled mechanics on shore," no man, unless he be a genius like Dana, can go to sea and become an efficient man at sea in less than four years. That is the average time, I think, for a man to become a bricklayer. I think, in seamanship there is as much skill as in any other kind of work—that is, ordinary mechanical work.

The wage paid to seamen throughout this country, as compared with the cost of living, makes it impossible for seamen to be married men. Out of the three thousand seven hundred and some men on this coast sailing before the mast, we have not got the exact record as to how many of them are married, but I can vouch for this, that it certainly is not 5 per cent. The earning of the men is not sufficient upon which to feed a family, consequently they can not marry.

Between the age of twenty and forty is the time a man goes to sea. When he becomes grey around the ears, Senator, he is not wanted; he has got to find something else. Now, if a man between the age of twenty and forty can not earn enough upon which to feed himself and a family, is it possible that that kind of a calling can continue, when you have men in it who are fit to do anything else? I do not think it is possible for it to continue under such conditions.

## BETTER FORECASTLES.

There is one thing I wish to call your attention to, and that is the matter of forecastles. A forecandle is a place in which the seaman eats, sleeps, and lives when he is not on duty. Under the law as passed in 1897 sailing vessels built or rebuilt after that date were bound to have at least 16 square feet on the floor thereof, 100 cubic feet per man. There is no such law dealing with the steamers. If one of your Commission could find time for an hour to go and look at some of the forecastles we have got, you would find the necessity, the dire necessity, for legislation on that subject.

The CHAIRMAN. I will say to you, Mr. Furuseth, the Commission has been giving a good deal of thought to that matter, and Captain Minor, who knows more about practical matters in connection with shipping than any other member of the Commission, will be pleased to accompany you at his and your convenience to make that investigation.

Mr. FURUSETH. All right. The papers I have submitted to you prove the statements I have made.

The CHAIRMAN. Did I understand you to say, Mr. Furuseth, that the remedy your union proposes for the system of crimping is included in the bill which was introduced by Mr. Livernash?

Mr. FURUSETH. Yes.

The CHAIRMAN. We will examine it. I think there is nothing further, Mr. Furuseth.

#### STATEMENT OF GEORGE D. GRAY.

George D. Gray appeared.

The CHAIRMAN. Mr. Gray, will you state to the Commission what line of business you are engaged in?

Mr. GRAY. I am engaged in the shipping business; I am president of the California and Oregon Coast Steamship Company, a corporation running some nine steamers, operating mostly on the coast of California. I am also interested in quite a number of sailing vessels and ships plying both on the coast and foreign.

The CHAIRMAN. The Commission will be pleased to hear from you any views you may have to present.

Mr. GRAY. I usually speak off hand, but I know your time is limited and fearing that I should exceed what would be proper I sat down and dictated to my stenographer what I would like to say, and when I perceived that she got tired I concluded that it was time for me to quit. I trust you will have as much endurance as she had and be able to hear me through.

I have followed the reports in the newspapers on your journey from the Atlantic to the Pacific with a good deal of interest, and considering the amount of wisdom that has been handed out to you, it would seem that there can be very little available tonnage left to accommodate the shippers on this side of the continent.

#### NOT LOCAL, BUT NATIONAL.

But should we keep silent and fail to present to you our views on this very important subject, which so vitally affects the interests of the whole country, you may think we are not interested. I say it affects the whole country, for while the operations of the merchant marine are necessarily most active upon the outer rim of our vast national possessions, anything that is beneficial or detrimental to those operations is felt throughout the whole interior. As a blow upon any part of the human body is felt throughout the whole organism, so an injury to the shipping interest reaches in more or less degree every city and hamlet in the interior. As disease or deterioration of the skin tissues, through the arteries and veins, sends death to the heart, so the prostration or decay of commerce affects all business interests. A moment's thought will show this. Whence comes the wood and iron to build our ships and steamers? Whence the coal and oil for motor power? Whence the food for consumption? Where are the cotton for sails and the hemp for cables, and a thousand and one things needed to construct a great ship or steamer, produced? Where are the wheat, corn, and other grains raised? Where are the machinery, agricultural, and other implements; fabrics of silk, cotton and hemp, lime, brick and plaster,

and the thousand and one articles of merchandise and traffic produced? Surely not from the sands of the sea, but from every hamlet, town, and city of our vast country, starts a little rivulet, brook, or river which, like our mountain streams, flow down to the oceans, not only to supply our own needs as they go, but to be transported to supplement the deficiencies of other nations. Hence I say that this is a question that not only affects those who go down to the sea in ships, but is for the careful consideration of all our people. It is not local but national.

#### A VERY SICK INDUSTRY.

I need not go into any statements or statistics to prove to you the decadence of American shipping. You have been filled full of facts and figures and are fully convinced that the American commerce is a very sick man; but what I want to impress upon you is that he needs attention, heroic attention, and wants it quick. We do not want you to wait up to the point that a German doctor once told a friend of mine. The patient inquired, "Now, Doctor, what do you think is the matter with me?" "Vell," was the reply; "we can't always sometimes tell. But ven the body is laid upon the dissection table den ve always find out." [Laughter.] We are hardly disposed to wait that long. But if you proceed in your diagnosis according to Sherlock Holmes's process of elimination, I think I can indicate one direction in which you need not prosecute your investigations, which I will illustrate by a newspaper story that was current here, but possibly did not reach the East. We had a visit some time since from a great railroad organizer. On the way back he was taken ill, and it was reported that it was an attack of appendicitis, but in a day or two the news came of his arrival in New York. Two gentlemen discussing the matter, one remarked that the report in regard to appendicitis must have been incorrect, "Oh, no," replied the other, "he was operated upon in Omaha, but when they cut him open they found a big lot of undigested securities; they simply cut off the coupons and sewed him up again." I assure you if you operate upon this sick merchant marine you will find very few securities, and as to coupons we do not know what interest or dividends mean.

#### THE COAST TRADE AFFECTED.

There is one phase of this decadence of our merchant marine that I desire to touch upon. From the reports of the discussions had in the regions of the great lakes it would seem that very little emphasis was laid upon any connection between the commerce operated between ports of our own country and foreign commerce. In other words, it was not shown that dull foreign shipping affected their local trade; but we on the sea coast have a different tale to relate, for there is a very close and intimate relation between the two. As we have learned to our sorrow, when these subsidized French ships and other foreign bottoms with cheap crews and light expenses have stepped in and carried away all our grain and merchandise, they took away our lumber, one of our largest products, and our American vessels, which were built for the foreign trade, had nothing left except to ply between domestic ports, for which they were not intended and for which their large capacity made them inconvenient. But they must do something,

and therefore they accepted freight rates that offered bare existence to them and death to their smaller competitors. Such is the condition to-day; great ships and steamers that should be traversing the wide oceans are carrying lumber and grain between ports a few hundred miles apart on our home coast.

#### CALIFORNIA BURDEN ON SHIPPING.

Now, I beg you will bear with me for a few moments, while I allude to one other matter which pertains not to your Commission but is local, and I do it because our people should be educated in the matter. There is probably no State in the Union where such heavy burdens are laid upon shipping as in California, the very State which on account of her position should foster that industry. Aside from the custom-house and pilot dues, we are subjected to taxes on our vessels, no matter whether the property is here or in China. Then come the wharfage dues, which are excessive and grievous.

The city lays out its streets and the merchant has his store on the side of one of them. The city never thinks of charging the merchant or his customers for the use of the street, but when the State builds a wharf, not only does the ship have to pay for the building of that wharf, but also for lying alongside of it, and everybody who has any dealings with the ship is stood up for tolls whenever he takes away from or brings anything to the vessel. If you have any doubt as to the amount the shipping people have been called upon to pay, just visit our magnificent ferry building and our substantial training wall and system of wharves that have all been built from tolls on shipping.

But to return to your part of our troubles. What remedy can be found to meet the conditions? I know there has been a great outcry against the subsidy idea, but the people should remember that for protection the nation needs a merchant marine from which it can draw transports and supply vessels in time of war as well as battle ships and cruisers, and it is far cheaper to have individual capital build and hold these vessels in readiness for use when needed, than for the Government to construct and maintain them. If individual capital can not do this advantageously the Government can well afford to assist.

#### WAYS AND MEANS.

If such a course is deemed advisable the question arises how best to raise the necessary funds. Of the several plans that have been proposed I will state the two which seem to meet with the most favor. I have omitted the question of free ships. I knew that question would be touched upon by Mr. Rolph, and I have left that point out.

The plans which seem to meet with the most favor are the following:

First. A duty on all goods carried in foreign bottoms. But this is open to the objection that by the adoption of such a plan we create a disturbing element among our treaties with different foreign nations. We open a Pandora's box from which we know not how many evils may escape.

Second. Postal subsidies for vessels carrying the mails. But the strong objection lies against this plan that it benefits only one class of our merchant marine. It can be only the corporations that are able to construct and operate several large and fast steamers that can con-

tract to render service that would be acceptable. Hence they only can be benefited, while the owners of sailing vessels, to use a vulgar phrase, are "not in it," and never can be until, possibly, a trade has been built up that exceeds the capacity of the steamship company. They must wait for the crumbs that may fall from the rich man's table.

#### THE TONNAGE-TAX METHOD.

Third. A system of tonnage dues on all vessels engaged in the foreign trade, American as well as others. Let us look for a moment at the operation of this plan. At present about 9 per cent of the foreign commerce is carried in American bottoms. Then 91 per cent of the fund to be created from this source would at the beginning be derived from foreign shipping. This plan further provides that this fund should be distributed to American ships engaged in foreign trade, figuring on the basis of a fixed rate per ton per mile. This should be figured on actual distance between ports, not the distance sailed, else it will be open to fraud. A vessel could sail from San Francisco to Shanghai going via Melbourne and work up a pretty good mileage account. It would, of course, have a tendency to increase the percentage of American bottoms and reduce the foreign, but that is what we want. But it would not tend to increase the freight rates beyond reason, because were there too much profit foreign vessels could afford to pay the tax and compete with our bottoms. What this rate of tonnage collection dues and subsidy payment should be would be a question of fact and figures, but it should be liberal; a niggardly amount would defeat the object both in the direction of driving out foreign bottoms or attracting home capital.

The CHAIRMAN. If it does not disturb you, I will make the suggestion, which very likely you are entirely familiar with, that our commercial treaties forbid us from imposing tonnage dues as argued for by you.

Mr. GRAY. I was not aware of that. I do not know whether those treaties could be modified or not.

The CHAIRMAN. Under existing treaties it could not be done.

#### NO FOREIGN-BUILT VESSELS.

Mr. GRAY. But here let me add that I would not advocate opening the door to foreign-built vessels. Although the public may not see it at first view, this tax will eventually come out of them in the increased rates of freights, and will be lost to them if we open the door to allow the new fleet of vessels to be built in foreign countries; but if this new fleet is built here, the erection of these vessels and manufacture of all materials used therein will more than compensate any advance in freight rates. But some one may raise the question, suppose this plan drives out all foreign competition then American bottoms will be paying all the tonnage dues and collecting all the subsidy, and we will be just where we are now. My answer is, that such a result is possible but not probable. And should we possess such a fleet as that situation would demand, I am confident that American ingenuity and skill that had built such a fleet will have invented such methods of power and of handling cargo that we will be on a par with any other nation in transportation facilities.

But not to trespass upon your time too long, I will close with a

short illustrative story. Some two years or more ago the Pacific Coast representative of the Bureau Veritas, Capt. I. E. Thayer, presented himself at the lunch table of the Merchants Club one day, and as he took his seat he remarked that he had seen something unusual that morning. We were all attention while he explained that he had been examining a vessel that had a large dent in her stern, the result of a collision with her own bow; in other words, the vessel had run into herself. Of course we immediately, by unanimous consent, voted him a life membership in the Sazarac Lying Club, and recommended him for president. He protested that he was not worthy of such honors, as he was speaking the truth, and went on to explain how the vessel (the steamer *Mackinaw* I think it was) was built at one of the lake ports, then transferred through the canal to Quebec, the stern section going first, and how, by some chance, the bow section had come into collision with the stern during the voyage. Of course our first inference was that the damage was caused by the vessel chasing herself, as you have seen a cat run after her own tail. But this latter amusement is what our merchant marine has been engaged in for the past decade, in the vain attempt to make both ends meet; and as you have sometimes seen the cat succeed in his endeavors, to the damage of his own anatomy, so the owners of our marine fleet have too often found themselves up against a loss that they knew not how to repair or recuperate.

Gentlemen, we expect through you, and the united wisdom of the two Houses of Congress, some good solution of the shipping question may be found, and we devoutly hope speedily. I thank you for your kind attention.

#### A COMBINATION OF METHODS.

Representative MINOR. What would you think of a combination of two or three methods to aid the merchant marine?

Mr. GRAY. I really think the combination of two or three methods will be necessary.

Representative MINOR. Let me make a suggestion. In the first place, if by legislation we could expand the mails by mail subventions to fast steamship lines trading to foreign countries where we already have lines, perhaps, and to other countries where we have none, would you not regard that as a pretty good move on the part of Congress?

Mr. GRAY. A splendid advancement. But the objection to that, as I mentioned in my paper, is that the only ones who could bid for such a subsidy would be aggregations of capital that would be able to build not only one steamer, but several, in order to render the service.

Representative MINOR. I understood you that way. That is right, perhaps.

The commercial treaties this country has entered into with foreign powers provide that all shipping shall be placed on all fours; that is to say, that our shipping shall have no advantage over foreign shipping trading to their ports. That is the basis of these commercial treaties. We have no right to violate those treaties, but, of course, they can be abrogated. But that would induce retaliation.

You spoke of tonnage taxes. As I remember it, the most that can be collected from a foreign ship trading from any port is 30 cents per

year per measured ton. From that we receive quite a large revenue, and it goes to the support of hospitals, etc. What would you think of the idea of doubling or trebling that tonnage tax and placing it on our ships as well as on foreign ships and, therefore, not violating any commercial treaty?

Mr. GRAY. That is just my idea.

FOR ALL SHIPS, SAIL 'OR STEAM.

Representative MINOR. We carry now about 8 per cent in our own bottoms. So we would be paying into that fund about 8 per cent while the foreigner paid 92 per cent of whatever amount we collected. Make that a special fund in the United States Treasury under the care of the Secretary of the Treasury, to be distributed according to the distance run by freight carriers, whether they be sail or steam, and to aid them in meeting competition with foreign countries. What would you think of that plan?

Mr. GRAY. That is just my idea, except that you have stated it a little plainer; you have made it more distinct.

Representative MINOR. Of course, we could not levy a tonnage tax upon foreign ships unless we treated ours in the same way.

Mr. GRAY. In the same way.

Representative MINOR. But Canada is doing that with fishing licenses. She is applying license fees collected from our fishing boats to the payment per ton per man employed by Canada on the Newfoundland Banks. So we would have a precedent to follow; and we could use this fund, if kept separate in the Treasury, as a sort of subsidy, if you please to call it that, to help those fellows who would not get any benefit from carrying the mail, thereby reaching them all.

I will not tell you that that is my idea—I can not do that—but there are two ways of helping the merchant marine; and I want to ask you now, so that it will go in the record, Are those two methods practicable?

Mr. GRAY. I believe they are entirely practicable.

The CHAIRMAN. Thank you, Mr. Gray.

STATEMENT OF H. E. PENNELL.

H. E. Pennell appeared.

The CHAIRMAN. Mr. Pennell, what interest do you represent?

Mr. PENNELL. I represent the Simpson Lumber Company, vessel builders, builders of coast vessels, and managers of that class of vessels.

The CHAIRMAN. Steam or sail?

Mr. PENNELL. Sail, principally.

The CHAIRMAN. Proceed, Mr. Pennell.

Mr. PENNELL. Gentlemen, as we all know, the value of a well-equipped and prosperous merchant marine to a commercial nation, and as the question of ways and means for the fostering and protecting of this important factor in the growth of our own country is now before this nation for discussion, it is proper that every section and every interest of the nation should voice itself on the subject from its own view point, setting forth their several recommendations, in order that the question may be fairly and fully treated, and results obtained that



will be of benefit to the people of the country as a whole. It is not my purpose to treat with the subject of ships and shipping in its general sense, but to confine my remarks to one of the hardships suffered by the American shipping, which is due to a condition brought about by the tremendous handicap our vessels are compelled to give to the subsidized foreign ships when competing on the ocean, and from which condition we can only be relieved by action of the United States Government in our behalf.

#### A BOUNTY TO THE CARRIER.

In the interest of the American ship I propose that the Federal Government shall pay a bounty to the carrier amounting to \$2 per 1,000 feet on lumber, and \$1.50 per ton on merchandise on all lumber and merchandise carried in American vessels (whether steam or sail) from an American port to a foreign port. And in support of such a proposition I am pleased to express myself before your honorable committee as follows:

I believe that the payment to the American ship of such a bounty as I have mentioned would not only stimulate shipping and shipping interests but also place our ships in an invulnerable position on the ocean; for although the subsidy of the French and other governments has undoubtedly been the means by which our own producers have received remunerative returns from their exports by sea, it has also been a menace to American shipping property by compelling our ships either to operate at a loss to their owners, or to retire from active service to await relief from our Government.

The principal export by sea from the Pacific coast, in locally owned vessels, is lumber. Experience has plainly demonstrated that when the foreign ship appears the freight on the commodity becomes demoralized and declines materially, and as every year more foreign tonnage is dispatched to this coast than is required to move our grain crop, the surplus of this tonnage, in order that it may leave the coast with cargo, is offered for lumber at any rate it can get. This condition, therefore, is the reason that the foreign ship is making to-day, as it has in the past, the rate of freight for which our locally owned vessels have to carry lumber to Australia, Africa, South America, China, and Japan, and this condition is bound to continue; but that it may not drive our own vessels out altogether let them have an adequate bounty on the commodities which they carry abroad, thus enabling them to meet competition and stay in the business of transporting our coast productions.

#### REMEMBER THE SMALLER VESSELS.

The payment of a subsidy to American vessels has been from time to time recommended, but the recommendations have generally been made in the interest of large steamships, vessels of high speed, adaptable for Government service, owned and operated by large and wealthy interests. The support and encouragement of this class of ships in America is undoubtedly a subject well worthy of consideration, but coupled with this subject should be a movement in the interest of the smaller vessels; those auxiliaries which produce seamen accommodate the producer and bring revenue to our country. If we are to overlook the smaller vessel, generally the property of individual enterprise, we will soon cease to be an enterprising nation.

Such a bounty as I suggest will make it possible for our citizens to continue to invest in vessels built and operated on our coast, thereby maintaining one, if not the most important industry on this side of the United States.

Another reason why a bounty should be given to our ships is the important part our own vessels play in the development of our coast territory. Geographically, the Pacific coasts of California, Oregon, and Washington extend over 1,000 miles, and in all that distance there are but four harbors into which deep-draft vessels can enter—namely, San Diego, San Francisco, Columbia River, and Puget Sound. The smaller harbors, such as San Pedro, Humboldt Bay, Coquille River, Coos Bay, Umpqua River, Siuslaw River, Tillamook, Willapa Harbor, Grays Harbor, and many ports inside the entrances to Puget Sound and Columbia River, are all exporting centers of more or less importance. On account of being unapproachable to the deep-draft foreign vessel, these ports can not enjoy her low freight offering, only in so far that the foreign vessel makes the rate for the lighter draft, coast-owned vessel that has been expressly built to trade in bar-harbor and shoal-water ports. This class of vessel being necessarily of a small carrying capacity, at best finds it extremely hard to hold its own against the foreign subsidized ships; but when in consequence of an overplus of these ships being on our coast, and the average freight dropping a shilling or two, the coaster, rather than undertake a losing voyage, goes out of service, many valuable exporting centers are deprived of the means of transportation and a general cessation of development in these sections is the result.

#### FIGHTING FREIGHT BOUNTIES.

Many scoff at the idea of a bounty being paid to our ships, to aid them to become paying property, claiming that the law of supply and demand will adjust our difficulty. This would undoubtedly do so if the shipping industry were allowed by all nations to remain in its natural condition and we had only commercial competition to cope with; but when, as has happened, other nations begin to vie with each other by paying subsidies and bounties to ships of their own flag, so that they may go forth and outdo those of other nations, it behooves us to do something radical to protect our own.

Others say that the law of the survival of the fittest will solve the problem of who shall carry the freights of the world at a profit; so it will in the course of time; but what is to become of our merchant marine in the interim? Total stagnation—unless the people of this country awaken without delay to the necessity of making our ships the fittest by the giving of a bounty which will not only stimulate the shipping interest but also our other and equally vital interests to the shipping business—that of the production of cargoes to carry and the development of our resources.

Further than this I will only state that the Pacific coast has the timber with which to build vessels, mechanics to construct them, seamen to man them, and cargo to carry; all we need, and I hope we may receive it, is a sufficient bounty from the Federal Government to enable us to compete fairly with the ships of other governments who are giving lavishly to their ships to the end that ours may lie idle. our coast industries stagnate, and our country remain undeveloped.

RECESS.

Thereupon the Commission (at 12 o'clock and 30 minutes p. m.) took a recess until 2 o'clock p. m., at which hour it reassembled.

**STATEMENT OF ROBERT DOLLAR.**

Capt. Robert Dollar appeared.

The CHAIRMAN. Captain, will you state to the Commission in what line of business you are engaged?

Mr. DOLLAR. In the shipping business.

The CHAIRMAN. The Commission will be pleased to hear from you.

Mr. DOLLAR. I did not intend addressing you at all. You have gone through all the principal seaports of the United States, and I thought you had got all the information that was necessary. However, at the solicitation of your secretary I got up a few facts and figures for you.

The few facts I will give you will be confined entirely to steamers which I consider more important than sailing vessels, as our competitors in the foreign trade have all gone into steamers, and to meet the competition we must do it with their tools. The sailing-vessel interest here on this coast is very much greater than in steamers. Vessels have to be built of wood, steel is prohibitory, and when we get a wooden steamer of about 1,000 tons net, that is about as large as is practicable to build of wood; but that size is too small to successfully engage in the foreign trade, hence the reason of sailing vessels predominating.

COST OF BUILDING.

The cost of building a tramp steamer in this country is double what the same vessel could be built for in England. To be more particular, I let the contract two months ago to have a 7,000 ton steamer built for £39,600, equal to \$195,456. The best offer I got for this vessel from American yards was \$450,000.

I will say right here, I have been asked a couple of times on which side of the fence I am, owning both American and English steamers. I want to say very emphatically that I am on the American side with both feet.

I am a firm believer in protecting infant industries and the foreign shipping can well be put in this class. But to build cheaper ships we must have cheaper steel; and it looks like protection gone mad to protect a giant like the steel industry of this country, that sells steel in England at a price that enables English shipbuilders to produce the cheapest ships in the world. It is true that a rebate of the duty can be got on steel for building foreign-going ships, but why send our steel to England and bring it back to get this advantage, after carrying it twice across the Atlantic? I saw our steel plates going onto ships in Glasgow three years ago, so I think you will agree with me that there is something wrong somewhere.

COST OF OPERATING.

Then the cost of running a vessel under the American flag is much greater. More men are required in the engine room. That is a point I wish you gentlemen would bear in mind. I have not seen it made

elsewhere. A British ship might require, say, 6 men in the engine room, and whenever we put the American flag on her she requires 9. The American requires more men in the engine room than foreign ships. With an English ship employing a Chinese crew, 3 oilers are employed, who are taken from among the firemen at their regular wages, and no water tenders are required. Under our flag, even if we are carrying a Chinese crew, 3 oilers must be Americans, at \$45 a month, and 3 water tenders, at the same wage, and also an extra engineer, at \$75 per month, is necessary. The Chinese crew for a 6,000-ton-capacity ship of 42 men costs \$529 per month, and board themselves, \$217 being for board.

All those figures are taken from my own office, from the actual amounts we have paid.

#### A COMPARISON OF COST.

I will now give a comparison of the cost of running different steamers. I have taken the steamers from our own office.

Comparison of the cost of running the following steamers:

Vessel's name.	Nationality.	Net tons.	Wages and board per month.	Lumber capacity.
				<i>Fct.</i>
M. S. Dollar .....	English .....	2,674	\$1,655.16	3,250,000
Stanley Dollar .....	do .....	1,857	1,527.76	2,000,000
Melville Dollar .....	American .....	1,108	1,902.00	1,200,000
Robert Dollar .....	do .....	533	1,638.10	800,000
Grace Dollar .....	do .....	289	1,324.50	450,000

#### *Comparison of wages paid English and American officers.*

	English.	American.
Captain .....	\$100.00	\$200.00
Mate .....	60.00	90.00
Second mate .....	40.00	75.00
Third mate .....	30.00	60.00
Chief engineer .....	80.00	150.00
Second engineer .....	60.00	90.00
Third engineer .....	40.00	75.00
Total .....	410.00	740.00

The extra men required on an American vessel would be—

3 oilers, at \$50 a month .....	\$150.00
3 water tenders, at \$50 .....	150.00
4 quartermasters, at \$40 .....	120.00

Making a total of ..... 420.00

as against \$7.50 for Chinese oilers and water tenders and 4 quartermasters at \$12, making a total of \$100 for the Chinese crew—a difference of \$320.

The *M. S. Dollar* and *Stanley Dollar* are English steamers, and have 8 English officers on each steamer who are paid full American wages. If we paid them regular English wages the pay roll of the *M. S. Dollar* would be reduced to \$1,325.16 and the *Stanley Dollar* to \$1,297.76.

The wages above are taken as they stand in our books. I will take pleasure in showing either of you gentlemen or the secretary our books and pay rolls, etc., for any further information you may require. So in making a true comparison between vessels, you will see that the pay roll of the *M. S. Dollar*, carrying three and a quarter million feet of lumber, if we paid English wages, is within a dollar of being the same as the steamer *Grace Dollar* carrying 450,000 feet. I put it that way as I thought it would give you a better idea of the difference in the cost of running an American and an English ship.

I consider that the English vessels are better kept up as a rule than the American, even with the extra men, so there can be no excuse that the number of the American crew should not be reduced to correspond with the foreign ships. The claim is made that American ships are better kept up. I claim that they are not. We have examples of it here in our own ships coming in the harbor. We find that our foreign ships are better kept up than our American ships.

#### THE AID THAT IS NEEDED.

Before we can operate American tramp steamers in the foreign trade, we must get assistance to the extent of 14 per cent on the difference between the cost of a foreign-built ship and one built at home. Eight per cent of this is insurance and 6 per cent interest, and this does not allow for depreciation. Before anyone can be induced to build a ship they must have a reasonable prospect of making interest on the investment, and if American crews are to be carried, the difference in their wages must be provided for also. For if we could get the American register for a foreign-built ship and be compelled to run her with an American crew we still would be unable to engage in the foreign trade.

One important point in having our own American tramp steamers is that they will find their way into almost every port in the world. The question was asked this forenoon, Why should Congress give anything in aid of our American ships? Now, here is what I consider a very important point, that they will find their way to almost every port in the world; and the American captain and officers as soon as they get ashore immediately turn themselves into commercial travelers for their home port. Think of the change it would make in our trade if we had our own men instead of foreigners, who are commercial travelers for their own country, thereby turning all the trade from us they can, which accounts for a good deal of England's commercial importance. I was very much impressed with this in a recent trip to the Far East.

Another matter of importance which I would call your attention to is the great number of ships owned by Americans and flying foreign flags. I can not see why those ships should not be given the American register to engage only in the foreign trade. A little assistance could be given them by refunding a certain amount of the duty on the merchandise they carry. This would offset the extra cost of American crews. The shipbuilders would object to this, but it would not hurt them, as they can not build ships cheap enough to compete and get this business. The shipbuilders here will wait until doomsday before Americans will build ships and pay double the money for them.

## STEAM SCHOONERS.

I would also call your attention to the steam schooner carrying lumber on this coast. They are a peculiar type of vessel and can be found nowhere else in the world except on this coast. They are very strongly built, with a low hull, and when loaded their decks are down to the water's edge and sometimes under. Ordinarily this would be considered dangerous, but the records on this coast for the last twenty years show that not a life has ever been lost by carrying this kind of a load.

An effort was made last year to get a bill introduced into Congress to regulate the deck loads. This was aimed directly against this type of vessel.

While you are only looking into foreign trade, still the domestic and foreign are so linked together I do not think it is out of place to bring this matter to your attention.

## WAGES IN COAST TRADE.

I give a list of American wages in the coasting trade here and the nationality of the sailors. They are principally Scandinavians. There are very few Americans, the proportion being about 95 per cent Scandinavian and 5 per cent of other nationalities. The officers are of about the same nationality as the crew. The engineers are principally Americans and the firemen mostly Irish, and all the captains, engineers, and officers are, of course, American citizens. A good many sailors and firemen are also American citizens.

The table referred to is as follows:

*American wages on coasting steamers.*

Sailors:	
Per month (inside ports) .....	\$45. 00
Per month (outside ports) .....	50. 00
Firemen .....	50. 00
Engineers:	
Chief .....	\$120. 00 to 150. 00
First assistant .....	90. 00
Second assistant .....	75. 00
Third assistant .....	65. 00
Captains .....	\$150. 00 to 200. 00
First officers .....	90. 00
Second officers .....	75. 00
Third officers .....	60. 00
Cooks .....	60. 00
Boys or waiters .....	30. 00
Stewards .....	\$75. 00 to 85. 00
Cost of stores .....	per day .. 38½
Cost of stores and cook's wages .....	do .. 54½
Overtime to sailors and firemen .....	per hour .. 50

Nationality of sailors, principally Norwegians, very few Americans; the proportion being about 95 per cent Scandinavians to 5 per cent of other nationalities.

Officers, principally Norwegians, very few Americans. Engineers are principally Americans. Firemen are mostly Irish. But all captains, engineers, and officers are American citizens. A good many sailors and firemen are also American citizens.

Mr. DOLLAR. Another point I have not put down here is that some years ago on foreign coal used in American bottoms a rebate of the duty was given to the owners. This was taken off, and now only in our foreign ships, if we use foreign coal, do we get a rebate of the duty, and this is entailing an extra burden on American shipping.

Representative MINOR. The *M. S. Dollar* that carries three and a quarter million feet of lumber is engaged, I suppose, in the foreign trade?

Mr. DOLLAR. Yes, sir; in the foreign trade entirely.

Representative MINOR. Is it a fact that you employ oilers and water tenders who are Americans?

Mr. DOLLAR. No, sir; we use Chinese.

Representative MINOR. The truth is that all outside of the licensed officers, I suppose, are Chinese and Lascars?

Mr. DOLLAR. For the entire crew we have four officers in the deck department, four in the engineer's department, Americans—English and Americans.

#### AMERICANS OR CHINESE?

Representative MINOR. Now, all things being equal, and you being able to compete with foreign ships flying foreign flags, which kind of crew would you prefer, trained American sailors or Chinese?

Mr. DOLLAR. For giving us no trouble, getting along easily and satisfactorily, I very much prefer Chinese. We have no trouble with the Chinese at all.

Representative MINOR. In case of shipwreck or disaster at sea, where you want to get the passengers and crew off quickly and save property, which would be most efficient, American sailors or Chinamen?

Mr. DOLLAR. I never had any experience of that kind.

Representative MINOR. I think you know a good deal about it, though, as an owner, and I think it is a fair question. We would like to have your answer go into the record.

Mr. DOLLAR. I think I would rather have Americans, who would understand the language, and I think it would be better.

Representative MINOR. You think their judgment would be a little better, do you not, in a tight pinch, as we call it?

Mr. DOLLAR. Well, I do not know about that, but they would understand our language, and of necessity it would be a little easier.

Representative MINOR. You figure up the difference in operating an American ship and a foreign ship and you base that on the wages paid to American seamen, but you do not employ those seamen. How is that?

#### NOT IN THE SAME TRADE.

Mr. DOLLAR. We base it on the wages of American seamen in our coasting trade, and in that trade they are all Americans. This comparison here is between an American coasting steamer and an English foreign-going steamer. That is the comparison.

Representative MINOR. Yes; but the comparison would be more intelligent if it was made between two vessels engaged in the same trade, to and from the same port, would it not?

Mr. DOLLAR. The reason why I put it that way, I just took the records from our office as we have them. And I might tell you I do not believe there is an American tramp steamer afloat. This *M. S. Dollar* is an English tramp steamer. If there is an American tramp steamer afloat I should like to know where she is. So there is no comparison to be made as far as that is concerned.

## AN ALL-AMERICAN ROUTE.

Representative MINOR. As an owner I wish to ask you this question: If we had a continuous line, controlled by Americans, leading from the producer here in America to the consumer abroad, would it not be better to have that line controlled on the sea, as it is on land, by Americans?

Mr. DOLLAR. Most decidedly. There is no question about that.

Representative MINOR. Through a continuous connection, expeditiously made, it would be more satisfactory to both the shipper and the consumer, would it not?

Mr. DOLLAR. You mean an all-rail route?

Representative MINOR. I mean from the time a piece of machinery, for instance, starts from the producer here in America until it reaches the consumer in some foreign port where we desire to build up a trade. It would be better to have that under the control of Americans.

Mr. DOLLAR. Yes.

Representative MINOR. Because they would have greater interest in it. Is not that true?

Mr. DOLLAR. It depends on how that control will be. So I say yes, unless that control is in the hands of combinations, as in the case of our transcontinental railroads, who will allow no steamers except those running in connection with them to bring freights from foreign ports and tranship it over their lines into the interior or from the interior of our country, except at full local rates, which are prohibitory. I could give you an example of that. I wanted to ship a stamp mill weighing 300 tons from Chicago to Wei-hai-wei. I was interested in the mill going to be shipped in our own steamers. I got a rate from Chicago to San Francisco of \$1.35 a hundred. It seemed to me that that rate was pretty high. I wrote back and said, "Find out from some of the steamship companies what the rate would be from Chicago to Shanghai," and the rate I got was 90 cents. That gives an example of the way that direct route will work in cutting off any competition. What we want is tramp steamers—a steamer that is independent of anybody and everybody, and that will go to every port in the world. We want line steamers, to be sure; that is the foundation. But line steamers will never develop the trade of the world. We want an American steamer that will take a cargo to any port in China or to any port in the world.

Representative MINOR. An American steamer?

Mr. DOLLAR. Yes, sir.

Representative MINOR. You spoke of a line, and I thought you meant a regular line of steamers.

Mr. DOLLAR. That is just what we want to get, because as I have stated in my paper, if you have an American steamer you have an American commercial agent aboard that steamer who will advocate your goods, and they persistently do it, and with enthusiasm. They are trained to that from their youth. From the time they go aboard they never forget that lesson. You meet an English captain abroad and he is an advance agent there to get trade from that country.

Representative MINOR. For his own country?



GETTING TRADE AWAY FROM US.

Mr. DOLLAR. For his own country every time. We are employing these men to get trade away from us—to take it to their own country instead of having our men getting the trade for ourselves. That, I think, is a very strong point. I have not seen it brought up before, but I think it is a strong point. One might say, “Why give those ship-owners subsidies? It will not do us any good;” but there is the good you will do. You are putting drummers all over the world, not from one port to another port, but to every port in the world. When you get a tramp steamer you get a steamer that is going to every port in the world, not from one port to another, only so that when they have exhausted the resources at that one port they are done; but a tramp steamer goes everywhere. Hence England’s greatness on the seas.

Representative SPIGHT. If I understand correctly your comparison, it is with the more costly ships engaged in the coastwise trade?

Mr. DOLLAR. Yes; the wages are higher here in coasting vessels than in vessels going foreign. The wages we are paying on the coast is \$45 a month to sailors, and Mr. Furuseth gave you the exact pay of sailors going to different countries.

Representative SPIGHT. In making your comparison of the cost of operation you compare the coastwise vessels with foreign vessels?

Mr. DOLLAR. Yes, sir; I just took the figures as they were in our own books. On the coasting vessels, of course, it would be abnormally high, although those are the actual wages paid on our steamers. I have two photographs that will bring a little more forcibly to your mind the difference between the two ships. [Exhibiting photographs.] There is a ship that carries 500 tons, and there is one that will carry about 65,000 tons. Practically the cost of operation is the same. This one carries 3,250,000 feet of lumber, and this one 450,000 feet of lumber.

The CHAIRMAN. We are much obliged to you, Captain.

STATEMENT OF W. G. TIBBETTS.

Capt. W. G. Tibbetts appeared.

The CHAIRMAN. Captain Tibbetts, in what line of business are you engaged?

Mr. TIBBETTS. I am the manager of the Pacific Shipping Company, a company that controls sailing vessels—owns them—and I am also myself interested in sailing vessels.

The CHAIRMAN. Are your vessels American vessels?

Mr. TIBBETTS. They are all of them American vessels. I have prepared a few things here that occurred to me.

In considering the different methods of benefiting our merchant marine, I find that nearly every point has been covered at the many meetings that you have held since leaving Washington.

The most important method that has been proposed is that set forth in the report of the special committee of members of the Maritime Association of the Port of New York, dated June 10, 1903. I recommend this report to you, trusting that you will give it very careful consideration.

A few things of minor importance suggest themselves to me that I

think would benefit our merchant marine. These things are not of very serious nature, but in the aggregate cut quite a figure in the expenses of operating vessels.

#### THE INVESTOR OF TAXES.

Taxes, in my opinion, should be abolished as being unjust. I suggest a few reasons for same. Taxes are levied on property for the purpose of paying for all city and State improvements and for city and State protection. Property situated on a street gets the benefit of this tax in the way of street improvements, lighting, police and fire protection, etc. With a vessel it is different. From the time a vessel arrives in harbor she is subject to every expense for service rendered. If it is necessary to put a policeman on board to protect the vessel, the policeman is paid by the day by the owners of the vessel.

The wharf to the vessel bears the same relation as the street to the store or warehouse, yet for the privilege of lying at the wharf the vessel must pay wharfage, Sundays and holidays included, according to her tonnage. Wharfage is a just charge, levied for the purpose of keeping our wharves in repair and looking after, but it should be considered tax enough. When paid, the vessel has contributed her portion of money necessary to keep this wharf-street thoroughfare, over which she loads and discharges her freight, in repair. The vessel, also, is obliged to provide a watchman to guard against fire and theft, as no policemen patrol the docks. This expense is incurred in every port to which the vessel goes, and in most instances at least 80 per cent is paid to foreign countries. I understand at the present time a case is before the courts testing the right of the State to tax property that is not in that State on the day that the assessment roll is made up.

All port charges are in the nature of a tax and are of sufficient importance to offset any tax that a vessel should be called on to pay.

Mr. Rolph this morning dealt with the question pretty thoroughly. There is one thing he did omit that I think it well to speak of. Although Washington can not say to the State she shall not tax my personal property, you remember that all vessels come under Federal jurisdiction. We get no protection from the State, city or county in any way; and it seems to me that the Federal Government should control American shipping by levying such tonnage taxes as are necessary to cover the expenses for which they are intended.

#### COMPULSORY PILOTAGE.

Another State requirement which comes to my mind is pilotage. Compulsory pilotage, as established by the State, is unjust. All of our vessels, when under a coasting license, are allowed to go in and out of port without a pilot, but when a vessel takes out a register, under many of our State laws, she is compelled to take a pilot or pay half pilotage. It requires the same amount of skill in either case.

There should be no reason why a shipmaster, who holds a license issued to him by the United States inspectors after passing a very rigid examination, should not be allowed to navigate his ship in and out of port under all conditions. An example of the absurdity of compulsory pilotage is this: An 800-ton sailing vessel lies at the dock ready for sea. The captain holds a United States license as master and pilot for San Francisco Bay and the Pacific Ocean. The captain has

engaged a tugboat, whose captain also holds a similar license, to tow his vessel to sea.

Because this vessel is going to Mexico she is obliged to clear at the custom-house. When the captain goes to the custom-house to clear his ship, he is met by a representative of the pilots, who asks him if he wants a pilot. With two licensed men already looking after the safety of his ship, he naturally says "No." "Very well, Captain. How much is your ship drawing?" "Eighteen feet." "Just sign this bill for half pilotage." The bill is presented to the owner of the vessel and about \$50 is paid for a service that is never rendered. Large passenger and freight vessels will take pilots to give them additional protection, in case of accident, against claims.

Another little tax that is a sort of aggravation to ships coming from foreign countries is the alien tax. That puts a tax of \$2 a head on every man you bring into this country in a ship's crew who is not a citizen of the United States and who signs in a foreign port. It does not amount to much, but if one of the sailors runs away and you are fined for breaking the rules of the Government, then it is an annoyance as well as a slight expense. I say the ruling of the Commissioner of Immigration that the alien tax of \$2 per head should apply to seamen from foreign countries is unjust. The tax is small, but it is the accumulation of small expenses that goes to increase the cost of operating.

#### OUR TRADE FOR OUR OWN VESSELS.

Our Government possessions, I think, could be made to help us out a great deal. The United States Government should make every effort to have all transportation by sea between its outlying territory and the home Government done in American vessels. It may cost a little more freight money, but the money stays in the hands of United States citizens, who spend it at home. Money taken from the United States Treasury and expended in this manner is a benefit, as it puts more money in circulation among our people, and in time the Government gets back its share of this money, which share represents the difference in freights between American and foreign vessels. The United States coasting regulations should be put in force as soon as possible in all territory under United States control.

I believe this has been already attended to. The carrying of all Government goods should be done in American vessels and with as much secrecy as possible.

The Government transports should be used only for the transportation of troops and provisions and material necessary for the comfort of the troops. They should not be used for the transportation of freight. That belongs to legitimate transportation companies.

How easier can the United States Government assist and encourage its merchant marine than by giving it its freight to carry? The taxpayer, who puts up money to help run the Government, should have the first call on the carrying of Government freight in which he owns a share.

American vessels carrying the United States mail should be given subsidies equal to any given by other nations. This is a service requiring particular attention, as nothing promotes commerce more than an effective and quick mail service.

I do not believe that a ship building bounty would be of service, for the reason that if our vessels were given us for nothing we could not operate them at a profit under existing conditions. The value of a vessel depends upon business for that vessel. Two years ago the owners of the ship *McLaurin* refused \$20,000 for the vessel; a few months ago they accepted \$5,000.

The owners of that ship paid a subsidy of \$15,000 to the purchaser, and shipping has shown no perceptible advancement.

The above objection applies to the purchase of ships abroad and granting them American registers.

#### NO FAVOR FOR BOUNTIES.

I do not believe in a mileage bounty. Under this system we would descend to the level of other bounty-paid vessels and would be looked on with contempt by countries that pay no bounty. We would force freights down rather than up. New vessels would be built that would take the business away from vessels now performing the work, assuming that a great many of our present vessels would not be eligible to bounty. I object again on the ground that any business that has to be given a bounty to make it a success is a bad business venture.

Eighty per cent of the money spent in this way would go out of our country and no good would we see from it. Our farmers to-day are benefiting by the French mileage subsidy. Let them enjoy it, but let us not give a subsidy for the benefit of the farmers of France.

To equalize freight rates between vessels that do and vessels that do not receive bounties, I would suggest a tonnage tax on all vessels receiving bounties from their home governments, equal to the bounty paid.

If we are allowed to put a countervailing duty on sugar coming to this country from a country where an export bounty is paid we certainly can give our vessels the same protection.

American register should be given to all wrecked vessels repaired in the United States when the required three-quarters of their value, when completed, has been legitimately expended. By so doing we are practically building a new vessel, and work of this kind is what we need.

The question of flooding the country with wrecked vessels of that sort I do not think would come up, because there are not so many wrecked vessels. You know about how many there are. You have had bills in Congress for nearly every one that has been brought into the United States.

#### EXPORT BOUNTY UNWISE.

In my opinion an export bounty would act like a mileage bounty. It is practically the same thing under a different name.

For a time it would be successful. Foreign capital (as in the case of French shipbuilding) would be anxious to invest in American vessels, but as soon as our shipyards had produced more tonnage than was required, competition between our own country's ships would force the freight down (as again in the case of the French bounty ships) just about the amount of the bounty.

Then who gets the benefit of the bounty? Does our farmer get it? Is it our merchant who gets it? No. It will be the French farmer

and the French merchant, or any other farmer or merchant who ships goods in our American vessels, and like our farmers and merchants who are finding a ready market for their goods on account of present low freights, they will be benefited.

When this time of depression arrives, the United States shipowner will be hunting for a chance to join the conference of English, French, and German sailing shipowners, who met in Paris and fixed a minimum rate of freight on homeward-bound goods.

#### NOT TOO MANY REQUIREMENTS.

The present subsidy bill before Congress I believe requires that all vessels participating in the subsidy shall be classed. This will work a hardship on our wooden vessels particularly. A great many of our wooden vessels were not built under special Bureau Veritas or Lloyd's supervision, but they are just as capable of carrying first-class freight as many vessels that are classed.

These vessels would be put to the expense of getting a class, providing their ages did not interfere; also they stand a chance of being rejected on account of very heavy repairs that the owners would not deem necessary.

When a wooden vessel gets to be 18 or 20 years old she is practically beyond her usefulness as a carrier of cargoes like wheat or barley. Many insurance companies will not write a wooden vessel 18 or 20 years of age unless at an exorbitant rate of extra insurance.

To show that this arbitrary age limit is unjust, I cite the Alaska Packers' Association that yearly carries the most perishable cargoes, valued at three times what grain is worth.

I suggest that whatever protection is afforded the clause requiring vessels to be classed be changed to this:

That vessels participating in this subsidy shall show a certificate from a recognized marine surveyor at the port where the vessel loads, stating that the vessel is in good condition for the voyage intended.

In looking over the different methods suggested for the improvement of our merchant marine we must bear in mind this, that any protection offered to our merchant marine must of necessity be of the nature to raise the operating expenses of the foreign shipping to our level, rather than to lower the expenses of our ships to meet their competition. Should we do the latter, we will be granting free trade to foreign shipping while protecting home industries. However, I have no doubt but what wise legislation will be enacted, which, together with harbor and river improvements, the building of light-houses, and the surveying of our coasts, will enable the American ship to compete with the ships of the world while doing business that will bring profit to the owners, and will build a fleet of vessels that will be servicable to the United States in times of war.

Representative MINOR. Those are good ideas. It is a splendid paper.

#### STATEMENT OF J. J. PARKER.

Capt. J. J. Parker appeared.

The CHAIRMAN. Captain Parker, whom do you represent here?

Mr. PARKER. I represent the American Association of Licensed Officers on Sail Vessels.

The CHAIRMAN. The Commission will be pleased to hear from you, Captain.

Mr. PARKER. Gentlemen, we have an association here of licensed officers upon sail vessels. As the law stands to-day no vessel under 700 tons is obliged by law to carry a licensed man; that is to say, a vessel of 699 tons is exempt from having a licensed officer on board. Consequently we believe that it is an injustice to the licensed officers who have perfected themselves in navigation, in their application to seamanship and all those things appertaining to the welfare of the lives on board and to the property intrusted to their care, that vessels under 700 tons should be allowed to proceed to sea without such licensed officers.

The CHAIRMAN. Where would you place the limit, Mr. Parker?

Mr. PARKER. As a preliminary to this, over a year and a half ago we put a communication before the Chamber of Commerce of San Francisco and advanced ideas and the result of it is here. The Chamber of Commerce of San Francisco has resolved as I shall read. This is a copy of the resolution that I will read:

RESOLUTION ADOPTED BY THE BOARD OF TRUSTEES DECEMBER 17, 1902.

Whereas, believing that every possible precaution should be observed to guard against the dangers incident to navigation, and that additional supervision by the United States over the officers of the merchant marine would be conducive to the greater efficiency of that service, therefore the Chamber of Commerce of San Francisco have

*Resolved*, That we hereby respectfully request the California delegation in the Congress to endeavor to have enacted a law or laws whereby the present law requiring the masters and chief mates of sail vessels of over 700 tons to be licensed by the United States, shall be so amended as to apply to said officers of sail vessels of over 100 tons, navigating the ocean and the Great Lakes, whether carrying passengers or not.

THE CHAMBER OF COMMERCE OF SAN FRANCISCO.

Attest.

GEO. A. NEWHALL, *President*.  
E. SCOTT, *Secretary*.

[SEAL.]

This resolution was sent to the members of Congress and also a copy of it to Mr. Chamberlain, the Commissioner of Navigation, and here is a copy of a letter from Mr. Chamberlain in regard to the resolution:

TREASURY DEPARTMENT, BUREAU OF NAVIGATION,  
*Washington, December 26, 1902.*

Mr. E. SCOTT,

*Secretary, Chamber of Commerce, San Francisco, Cal.*

SIR: Please accept my thanks for your letter of the 20th instant, inclosing attested copy of a resolution of the Chamber of Commerce of San Francisco, in regard to licensing officers of sail vessels of over 100 tons.

With the general purpose of the resolution I am in entire accord, and I believe that ultimately the masters and mates of sail vessels of over 100 tons should be licensed, as is done in Great Britain. My present impression is, however, that it would be better for all interests to

approach this end gradually. A beginning was made with sail vessels over 700 tons. It seems to me that the next step would be to require licensed officers on sail vessels over say 300 or 350 tons. It requires some time to put a law of this kind into successful operation, and I am apprehensive that if the limit were placed so low as a hundred tons it would at the start, and perhaps for a year or more, seriously embarrass the owners of smaller vessels. The supply of licensed officers on sail vessels, under the existing law, is steadily increasing, and if a limit were fixed at 300 or 350 tons, the act to go into effect say six months or a year after its passage, probably no inconvenience would be experienced—at least none that would not be more than outweighed by the advantages following from establishment of higher standards of qualification from officers of sail vessels.

Yours, respectfully,

E. T. CHAMBERLAIN, *Commissioner*.

#### LICENSED OFFICERS FOR SMALL VESSELS.

Now, having this resolution and offering it to you, gentlemen, we believe that we are entitled to the same consideration that officers on steamships receive. It is a fact well known to you that all steam vessels propelled by motive power—gasoline and other power—must have licensed officers if over 15 tons. We would like to stand upon the same footing. Our duties on board sail vessels are more onerous than on board ship, for the reason that we have all the elements to contend with. The master or mate of a steamer has to look after his property, of course, but the propelling power is furnished him. We have everything to contend with—wind, tide, rain, variations, deviations, and all those things which are looked after by the man on board a steamship. We believe that those who have perfected themselves in their calling and have obtained licenses should be employed on the smaller vessels, because the interests are identical; the number of lives and the amount of property are in proportion. So we ask that a change in the laws be made to cover vessels over 100 tons.

The CHAIRMAN. I understand you to say that that is the British law?

Mr. PARKER. It is the British law at the present time.

The CHAIRMAN. How about the other maritime states of the world? Do you know?

Mr. PARKER. With every nation in Europe their law covers all vessels over 100 tons going to sea. Where she goes offshore out of sight of land every officer there must be a navigator.

Now, taking the case of our small vessels here, say she goes off the coast of Hawaii or to any of the islands, and suppose there is but one navigator on board her. I know the captain of the smaller vessel is usually just as good a navigator to-day as the captain of a larger vessel. He has to go over the same ground. Navigation is but a matter of figures and observation. But suppose something occurs to that one man. He gets sick; he is apt to die. If there is no other navigator on board the vessel, where is the property of the owner and the lives on board the vessel? How are they taken care of except by the providence of God? That is all they have to rely on.

A man comes off shore. If he is a good navigator, or even if he is only a navigator to the amount of being able to take an observation of the sun at noon, he sails for his latitude and then sails for the broad

side of America. Well, suppose he has no knowledge of navigation, he might fall to leeward—in other words, to leeward of his port—and it would take him perhaps four or five days to work up, and, in cases of a current, he might be gone two or three weeks unless picked up by a steamer. So there is a loss right there to the owner.

In that view we believe we have a right to appear before you and ask your interest in this matter to have the law changed so that it will affect all vessels over 100 tons going offshore.

#### TWO LICENSED MEN.

Representative MINOR. Captain, how many vessels have you here on the coast under 700 tons?

Mr. PARKER. We have 188 vessels enrolled on the Pacific coast of 700 tons and over, 183 between 300 and 700 tons, 93 between 100 and 300 tons. The smaller ones I have not taken into consideration. I have not taken into consideration at all those under 100 tons.

Representative MINOR. There are 93 between 100 and 300 tons?

Mr. PARKER. Ninety-three between 100 and 300 tons.

Representative MINOR. That makes 276 between 100 tons and 700 tons. Do you want two licensed men on board these vessels?

Mr. PARKER. I want two licensed men on board.

Representative MINOR. That would take 552 licensed men in addition to what you have now?

Mr. PARKER. In addition to the 188.

Representative MINOR. Have you men enough to pass an examination to take those places?

Mr. PARKER. Yes, sir. We can fill every vessel that is on the coast in commission to-day with licensed officers.

Representative MINOR. I understood your proposition to take in the Great Lakes?

Mr. PARKER. It takes in the Great Lakes also.

Representative MINOR. And you claim that each one of those licensed men should be a navigator, of course?

Mr. PARKER. Yes, sir.

Representative MINOR. We do not have any sea on the lakes.

Mr. PARKER. The lake proposition is a different proposition entirely from the deep sea.

Representative MINOR. You included it.

Mr. PARKER. It is included in the chamber of commerce resolution.

Representative MINOR. Tell me, now, about what proportion of these little vessels of 100 tons up to 150 tons leave the land for a long voyage?

Mr. PARKER. There are not many of them, but they go off the coast here and go out of sight of land, and it practically amounts to the same thing. When once you lose the land you must use the stars, the moon, or the sun to find your position.

#### WOULD RAISE WAGES.

Representative MINOR. That is true to a great extent. Now, Captain, the earnings of little vessels here of 100 to 150 tons are not very great?



Mr. PARKER. No, sir; we are not talking about wages in this matter.

Representative MINOR. I am getting at the wages. If you could get a law of that kind passed, would it have a tendency to raise the wages of the captain on board of those little vessels or to lower it?

Mr. PARKER. It certainly would not be to lower it, but certainly it will not be to raise wages, because we are not here to extort money from anyone.

Representative MINOR. You think the tendency would be to keep wages within the ability of the schooner to pay it?

Mr. PARKER. Yes, sir.

Representative MINOR. Do you not really think that in order to succeed with a measure of this kind you had better compromise somewhere between 700 tons and 250 tons?

Mr. PARKER. It is always well to ask for all you can get and to take what you do get. [Laughter.]

Representative MINOR. That is about what I expected you would say. If you get it down to 300 tons I think you would be satisfied, and so would the other boys.

Mr. PARKER. I certainly would.

Representative MINOR. My sympathies are with you, naturally, because I can not help it; I am web footed; but I am inclined to think that possibly the members of the House and Senators might fear that it would work a hardship on the small vessels.

I wish to say to you that I was a member of the Committee on the Merchant Marine and Fisheries when the law was passed fixing the limit at 700 tons. If I had had my way about it we would have fixed the limit at about 400 tons. I was in that frame of mind at that time. I never could quite see my way clear to come down to 200 tons, because that is very little better than a fishing boat. I do not think the people generally would sanction that, but I do believe it might be brought down very much from where it is, and without working an injustice. In that I think you are right. I will commit myself that far because I am already on record in that direction. I think we might compromise this matter, possibly, and bring down the limit considerably from where it is now, but I hardly think that the Congress of the United States would sanction legislation requiring a vessel of 100 tons to carry 2 licensed men.

Mr. PARKER. I shall certainly be satisfied; in fact, I would have to be, with anything that is done. I have come to you to place our side of the story before you, to get as much from you as we possibly can, to ask for all, and to take what we get.

#### LOWER THAN 700 TONS.

Representative MINOR. I can see the point you want to make, and if you have not made it yet I am going to make it for you. The more licensed men who are required to man American ships the greater the incentive to the American boy to go to sea, in the hope of getting that promotion. Now, in that you are right. We want all the incentives afforded that is possible to turn the American boys to the sea rather than to the land. This is a step in the right direction, and we might very properly lower the tonnage, I think, from 700 tons, but not down to where you propose it.

Mr. PARKER. No.

There is another small matter that I wish to touch upon. I have just made a memorandum of it. It is in regard to discharges on board vessels. It is not the general habit at the present time, but I believe there is a law which requires a master of a vessel to give a seaman, a cook, or his officers, when they leave the vessel, a character for ability, for sobriety, and for his conduct. I believe it should be made obligatory upon every master to give such a discharge as to his conduct, his ability, and his sobriety. This, I believe, would help to raise the standard and improve the present status of the American merchant marine.

There is another matter as to the hospital. At the present time a seaman who has not been at sea for sixty days prior to his becoming sick or disabled can not have the privileges of our hospitals. Consequently he becomes a charge upon the community where he is. He has served his time at sea, and a great many of us have paid hospital fees for a great number of years. I believe that our old hospital laws should be reenacted and put in force. You remember the time when we paid 20 and 40 cents for hospital fees.

Representative MINOR. I remember the time when we had to pay \$10 for a steamboat license.

Mr. PARKER. I believe something should be done along that line, so that our seamen who become sick when out of employment should not be deprived of hospital service which they really need at that time, and which they are deprived of on account of our present law.

#### SEAMEN'S CERTIFICATES.

Representative MINOR. Do you not think the captain ought to have discretion in the matter of giving a certificate of character? If he is to give it to all, what standard would you require a seaman to come up to in order to get a certificate?

Mr. PARKER. A certificate as to discharge?

Representative MINOR. As to character.

Mr. PARKER. As his character is, as he stands for sobriety. I believe it should be honestly put down upon that discharge, so that another man would know whom he was employing.

Representative MINOR. But we can not legislate to make a man honest. He might discriminate between men. He might have a favorite.

Mr. PARKER. If he is discriminating, and doing it through spite, so far as his ability is concerned, then I would call for a board to examine that man, whether seaman or officer, and it can be very easily found out where the man stands.

Representative MINOR. I do not know; I had not thought of that before. I do not believe in giving men too much discretion. We have too much discretionary power in the Steamboat-Inspection Service now.

#### ADDITIONAL STATEMENT OF ANDREW FURUSETH.

Mr. FURUSETH. Gentlemen of the Commission, if you please I will state that my experience in different countries in reference to discharges is that discharges stating the character of men are utterly valueless, and they are used for blacklisting purposes instead of for

any good. Germany years ago had to absolutely abolish it. In the German Seefahrtsbuch, as it is called, there is taken down what time a man joined the vessel, the capacity in which he sailed, and what time he left her, but as to the master of a vessel giving him any character for sobriety or capacity that is absolutely forbidden, on the ground that it can not always be depended upon to be given honestly and fairly, without partisanship or favoritism. I think it would have a tendency to simply drive good, sober men out of the service instead of bringing them in.

#### STATEMENT OF FRANK M. TODD.

Frank M. Todd appeared.

The CHAIRMAN. Mr. Todd, in what line of business are you engaged?

Mr. TODD. I am a real estate owner in San Francisco and across the bay in Oakland and in Berkeley. I am not engaged in the ownership or operation of ships, but I hold that people who own property in seaport towns are as vitally interested in this question as the man whose property is in the form of ships. I am sure that the value of real estate in San Francisco would be greatly modified by anything this Commission might bring about which would promote the interest of the American merchant marine.

Gentlemen, I think there is no dispute about the main facts of this matter. The American merchant marine in the foreign-carrying trade is in a very bad way. Once it carried the great bulk of our foreign commerce and about three-fourths of the world's beside, and as a national industry shipping ranked next to agriculture. There was a time when American vessels did about 40 per cent of the carrying business between the Chinese treaty ports and on the Chinese rivers. Now the flag is rarely seen abroad.

San Francisco has a vital concern with this subject. Our harbor has 79 square miles of water within the 3-fathom limit to New York Harbor's 9½. From \$38,172,000 in 1900-1901 our export trade from this city has jumped to over \$47,000,000—an increase of over 25 per cent in four years. We are interested in that commerce.

Whatever may be done for the merchant marine we wish to be done in such a fashion that our export business, the business of San Francisco and California, shall not be imperiled.

#### SAN FRANCISCO'S KEEN INTEREST.

We have in this city and its suburbs several important corporations and parts of corporations engaged in shipbuilding, and I, for one, should not like to see them hurt. In the port of San Francisco is owned about 6 per cent of the documented tonnage of the country, and considerably more is really owned here that sails under foreign flags—American owned, but an outlaw from the protecting arms of our Government and from our coastwise trade, because it was not built in this country. As a city we are interested in shipping.

I expect to see this State become one of the greatest raw-material regions on the globe, and with half a chance our export trade should increase at a constantly accelerating speed. Whatever hurts it hurts the port of San Francisco.

The great natural resource of San Francisco is that 79 square miles

of water within the 3-fathom limit. Without that harbor there would be no city here. And although it now accommodates some shipping, it is nothing to the quantity that ought to be registered in this port, and if we are never to do any more business on it than we are doing to-day it will be a pity the Almighty wasted so much water.

As San Franciscans we claim to be interested in the rehabilitation of the merchant marine. We want that done and we want it done right. We want a job that will stick. Within the next fifteen or twenty years we want to see that 79 miles of anchorage crowded with sail, and we want to see every vessel carrying the American flag at the peak. We are tired of the British and the French and the German, although sometimes they are better than none.

We know that every city whose people have owned shipping in large amounts has been great and rich and powerful. Carthage and Tyre, Venice, Liverpool, and Bristol, all tell the same story, and we want 2,000,000 people on these sandy hills and a million more in the cities that fringe the rim of this great salty basin. Personally, I believe the most potent factor in that development would be an adequate merchant marine, normal, healthy, unforced by any hothouse method, able to take care of itself and make money for its owners in all political weather, no matter what the party complexion of Congress may become, a merchant marine unterrified by any Presidential campaign cry, and with nothing to fear from any spasm of economy to which the Federal Government might be driven.

#### DOWN HILL FOR HALF A CENTURY.

The merchant marine in the foreign carrying trade has been going down hill for exactly forty-nine years, until to-day there is hardly enough of it left to go duck hunting with. The causes of the decline are various. An essential reason why there has been no natural restoration is that it has been costing from 30 to 50 per cent more, and often 100 per cent, as Mr. Rolph has testified, to build vessels in this country than to build them abroad.

During the period of decline enough different kinds of treatment have been prescribed in order to counteract this condition to have killed the patient outright. There is the discriminating duty tonic. We can not administer that because there is a mass of treaties in which we have agreed not to, and if you swept them all away you would only provoke retaliation against our growing export trade.

There is the celebrated and venerated surgical device which originated, I believe, with the Babylonians and which in some shape or another has been in the world ever since, known as cutting off the dog's tail by inches. In this case it has taken the form of a proposal to admit foreign-built ships to American registry if the owners will build an equivalent tonnage in this country.

If you will analyze it you will see that it consists in cutting in two the natural differential that runs against the American shipbuilder, for if a vessel of a certain pattern costs \$100,000 to build on the Clyde and \$150,000 to build here and a man builds one in each place his two vessels have cost him \$250,000, or \$125,000 a piece. Under this arrangement the *New York* and *Paris* were naturalized, but I have not heard of anybody offering to repeat the performance.

Then there is a prescription that comes from somewhere up north

and that strikes me as being more self-contradictory than most of the others. It is to admit foreign-built ships to American registry, but to charge a duty on them. If, presumably in the interests of the shipowner, we are to admit them to American registry in order that our shipowners may get cheap ships, if that is the purpose of the plan, why make it difficult to do it by putting on a tax?

The CHAIRMAN. I will say that that prescription was given us in Portland, Oreg.

Mr. TODD. So I understand; by a gentleman named Tucker, according to the press reports.

The CHAIRMAN. I was attracted by your suggestion that it came from the North. That is hardly in the North.

Mr. TODD. Portland, Oreg.?

The CHAIRMAN. It is north of this point.

Mr. TODD. It is to the north of San Francisco. It is our North, just as the Rocky Mountains are our East and your West.

The CHAIRMAN. All right.

Mr. TODD. Here is the patient; you are the doctors. You are about to cure him by a bold and drastic remedy, and a representative of the drug trade comes to you and says: "Don't cure him completely, gentlemen, or we won't be able to sell him any more pills; just cure him a little, but leave him some chronic dyspepsia or a few joints that cry out for the liniment bottle."

And then there is the great, imperishable evergreen plan to administer stimulants in the shape of subsidies.

#### OPPOSED TO SUBSIDY FOR AMERICANS.

Gentlemen, I do not think you can administer subsidies. We have tried them several times in the past and always scored a failure. From about 1850 to 1858 the Government was busy paying out subsidies to offset the British subventions of the Cunard Line, and the principal recipient of the bounty was a gentleman named Collins. He had some vessels that were earning over \$800,000 a year. I desire to read to you, very briefly, and from a perfectly impartial hand, what happened to Mr. Collins, and why:

"The boats were designed, built, and managed by thoroughly competent men. They were the finest specimens of steamship construction then existing. They were probably the best seagoing wooden steamships that have ever been built. Nor was the line dishonestly managed. Mr. Collins was largely influenced by patriotic motives. So far from making any money out of his connection with this enterprise, it ultimately caused his financial ruin."

How? Gentlemen, you know what human nature is. You know about that pathetic figure, the well-meaning but worthless boy with the rich daddy. This is what happened to that subsidized line.

"The managers believed they had the public treasury to fall back upon. They indulged in all sorts of expenditures, necessary and unnecessary. The company was heavily in debt from the first. The care in management, which was the only thing that could have enabled them to carry the load of debt, was altogether wanting. If anyone desired an illustration of the danger of paralyzing individual thrift by Government aid he could hardly find a better one than the early history of the Collins Line. Under such circumstances the apparent prosperity of the business could not last long."

"The rage for making fast passages rather than safe ones occasioned the loss of two steamers—cheerful outlook for passengers on subsidized lines. A change of feeling in Congress caused the subsidy to be withdrawn and the company was found to have nothing left to stand on."

Representative HUMPHREY. May I interrupt you to ask whom you are quoting from?

Mr. TODD. I will tell you in just a minute.

The Pacific Mail was subsidized from 1865 to 1875, and then the subsidy was stopped. The management had not improved, the stock had fallen from above par to 40, and the author I have just quoted says:

"It was felt that the trade which had been encouraged had not been that of merchants in China, but of speculators and lobbyists at home."

That is a very charitable statement of the public feeling about that subsidy, too.

#### QUOTING FROM PRESIDENT HADLEY.

Gentlemen, the author I have quoted is too big a man to distort a fact or color truth for the mere purpose of carrying his point. He is one of the most eminent men in American academic life and an expert on transportation. His name is Hadley, and he is the president of Yale University. I claim for him an authority on this question higher than that of any mere practical business man who has addressed you on this subject, or who will address you upon it.

Advocates of subsidies claim the British merchant marine was built up on them. That is not so. The whole amount of cash payments to British ships as compensation for carrying the mails and for employing only British officers, and carrying naval reserves, and maintaining at great cost speed capacities unjustified by the demands of commerce, the whole of these payments amounts to less than one-half of 1 per cent on the capital invested in British shipping. In 1902 there were 8,352 steamers of over 100 tons under the British flag. Of these about 1,300 were liners and about 7,052 tramps. The tramps carry 80 per cent of the world's trade, and few of the liners and not a single one of the tramps ever received a penny from the British Government for anything. The British subsidies are not bounties. They are compensation for hard services rendered, and there is mighty little competition to get them.

We have heard a great deal lately about French subsidies. They resulted in an overproduction of French vessels, which went about carrying freights at ridiculous prices, cutting one another's throats commercially, and demoralizing the business, and California farmers have been getting the benefit in lowered charters.

That is how a subsidy works when it works naturally—if so artificial a thing may be said to have a natural outworking. Either the competing country retaliates or it permits its people, as customers, to reap the benefit. Great Britain would probably retaliate. There is a demand going up in England now, according to the current North American Review, that if America subsidizes shipping the British colonial trade shall be closed to all but British ships. That means no ship owned in San Francisco could take a cargo from Victoria to Sydney.

Subsidies did not give Great Britain her merchant marine. They

did give us bad business methods and a deteriorating tendency in politics.

Discriminating duties, cutting the building differential in two, admitting foreign-built ships to American registry but under a protective tariff, paying subsidies that tempt to extravagance and rickety-jointed business methods, and that invite countervailing attacks on our commerce are all variants of the effort to offset artificially our natural disadvantage in shipbuilding, to which our navigation laws make us subject.

The law says you must buy an expensive ship or you can not register her, and these methods are all proposals to hire men to do what the law makes it unprofitable to do. Is that sensible?

Then what is there left?

#### WOULD HAVE FOREIGN SHIPS.

Gentlemen, I am for the free and unlimited naturalization of ships. They let a contract for a 6,000-ton cargo steamer on the Wear a few weeks ago for \$26.75 a ton, and I say if our shipowners could get vessels that cheap they could probably go into the foreign carrying trade and hold their own in it. And I believe they would buy so many that the repairs would more than compensate our shipyards for any possible loss of business until, under the healthy stimulus of competition, they got into the shipbuilding business as expertly and economically as the British.

And, gentlemen, remember this: It takes more men to work a ship and handle her freight than it does to build her. When a ship is launched that only begins her expense account. Every time she comes into port she has to be overhauled. Her advent at the home port provides work, generally speaking, for the pilot, the towboat company, the watchmen, the stevedores, the freight clerks, the teamsters, and commission men, and for the shipwrights, riggers, and caulkers, for sail, block, and spar makers, for machinery men and boiler shops, and often ship railways and dry docks, and she comes to her home port every time her owners can get a return freight. They like to see their property, and, though repairs may be cheaper abroad, they want them made where they can oversee the job and know what they are getting.

#### INITIAL COST AND OPERATING EXPENSES.

You will be told, probably have been, that the initial cost is but a small item; that the thing really sticks at the difference in operating expenses. I do not believe it. If I have to pay \$150,000 for a vessel that I might have bought for \$100,000, and that my competitors can buy for \$100,000, there is an interest account equal to half again what my rival has to stand, and it runs against me to the end of time.

Nor are the operating expenses very much to our disadvantage. I have it on good authority. Shipowners at this port tell me the costs on American and British vessels owned here are not greatly different. American officers are a little more expensive, but seamen's wages are the same. It is useless, gentlemen, to compare wages at San Francisco with wages at Liverpool. The comparison that counts is between the wages under different flags at a given port.

The best authority on seamen's wages in San Francisco is Andrew

Furuset, secretary of the Seamen's Union. He declares it to be a general law that wages depend on the port and the state of trade, never upon the flag. And as an offset to any additional cost of operation the American vessel escapes a great many burdensome restrictions of the British Board of Trade.

The naturalization of ships would go far to restore the merchant marine. Why not? We are willing to naturalize some immigrant from southern Europe who is not worth 20 cents. Why not naturalize a ship worth \$200,000 or \$300,000, and which our country needs much more than it needs the immigrant? And we should not have to wait for the vessels to be built, either, to note the beneficent results. About 746 vessels are now documented in this port, of 306,389 tons. During the last four years ships have been cheap. I am told by vessel owners that at least 100,000 tons would have been bought and registered in the port of San Francisco if they could have obtained American registry.

Think of it, gentlemen, by this simple, natural method we should have increased the merchant marine of San Francisco alone by over 30 per cent, without the expenditure of a nickel for subsidies.

The CHAIRMAN. Mr. Todd, will you please repeat that paragraph?

Mr. TODD. I am told by vessel owners that at least 100,000 tons would have been bought and registered in the port of San Francisco if they could have obtained American registry.

#### PORT FULL OF IDLE SHIPS.

The CHAIRMAN. How could that be, when you have idle American ships in your port to-day, and you are complaining of the French ships carrying freight at a ruinously low figure?

Mr. TODD. Gentlemen, our vessel owners are men of sense and they will take long chances. They will buy ships when they are cheap if they think they can use them. At that time there were men who thought they could use ships and who were very confident if a depression in freight rates came along it would be only temporary; and by the way, I believe, and the best information I get assures me, that this French business is only a passing phase, that very soon the French people will be tired of paying out money to those ships as bounties and it may be we can buy them. The ships would have been here, and pretty soon they would have gone about picking up trade.

The CHAIRMAN. They are tied up here at present without any employment whatever.

Mr. TODD. Gentlemen, these ships will not rot. It will be only a matter of a few years before they will be out again in the shipping business.

The CHAIRMAN. Can you give the Commission assurance—

Mr. TODD. I can not.

The CHAIRMAN. I beg pardon; wait until I ask the question. Can you give the Commission assurance that there is capital in the banks of this great city to put in ships if you are permitted to go abroad and buy them?

Mr. TODD. Senator Gallinger, I can assure you there is a great deal of idle capital in the banks of San Francisco. I think that is right, is it not, Mr. Newhall?

Mr. NEWHALL. I think so.



Mr. TODD. There is a great deal of idle capital in the banks of San Francisco. It is seeking an outlet and it does not care if it can not make 8 per cent, it will take a little less; it will take 6, perhaps a good deal of it will take 4, and possibly 3 per cent. I can not tell you what will happen. I can only tell you what people tell me, that this tonnage would have been bought four years ago. I have canvassed that question with a great many vessel owners.

Representative HUMPHREY. At that time there was a great demand for ships throughout this country?

Mr. TODD. There was a demand for ships.

Representative HUMPHREY. They were building them in all the different yards, and building them right here on this coast?

Mr. TODD. Exactly; rushing work on them. Could not get them out fast enough.

Representative HUMPHREY. The conditions were entirely different then.

#### NO CAPITAL FOR FREE SHIPS.

The CHAIRMAN. I asked you about capital being ready to make an investment. We were told in eastern cities that there was no capital there for that purpose.

Mr. TODD. I do not know whether capital in San Francisco can be attracted into that channel, but I know it is seeking investment and that it is willing to take a rather lower rate of interest. I presume that some of it is held by people who are close to the shipping interests and that it could be diverted into the shipping business.

This quantity of shipping, this 100,000 tons—if we can get capital into that, and I think we can—amounts to ten-elevenths of the tonnage of the Cunard Line, and would mean four or five times as many vessels as that celebrated fleet, because it would be distributed; there would be smaller bottoms.

And that does not count the British vessels now owned here. Is not that the rational, normal, obvious way to do it?

I am not proposing that you strip the protection from the coastwise trade, but that you aid it still further by enabling those engaged in it to make replacements at from 20 or 30 to 40 per cent less than the cost of their present working capital.

If you do that it will amount to making them a present of the difference. Isn't that bounty enough? In the coastwise trade we surpass every country in the world except Great Britain, and that business can still be protected as it is to-day. Gentlemen, you can protect that. You can protect the woolen industry, the beet-sugar industry, the steel industry, the tin-plate industry. What you can not protect is the deep-sea business, for you have no jurisdiction in foreign ports, and it is this fact which differentiates the merchant marine from every other enterprise, and justifies in dealing with it measures that might seem to be repugnant to our dominating economic policy.

#### GIVE US FOREIGN VESSELS.

We want a merchant marine if it is profitable to have it. We want a merchant marine that can take care of itself; we do not want to add one more to the long list of American industries that are in politics,

and whose owners do not sleep well before election for fear the awful Democrats will revoke the privileges on which they depend for life. I do not think we want, as a people, a merchant marine that was brought up in a political incubator. We do not want an institution that has been fed on any kind of political infant food.

We do not want a merchant marine that has the rickets and can not stand on its own feet. We do not want a merchant marine that has been spoiled by an indulgent daddy, or pauperized by bounties. Give us naturalized ships, exempt from burdensome local taxation. It will equal a bounty of from 30 to 50 per cent, and nobody can object to it. And if we do not go into the off-shore business it will be for the same reason that a bank president does not hire a horse and wagon and haul his own trunk to the railway station—because we have something better to do.

#### DO SUBSIDIES HARM ONLY AMERICANS?

Representative HUMPHREY. I wish to ask you a question or two. You seem to think that the subsidies would have a tendency to destroy the independence of our ship lines and to make them incompetent to manage their own business, and yet you praise the British lines. How does it happen that the subsidy business has not paralyzed the English ship lines and led them into bad business methods?

The CHAIRMAN. And the Japanese?

Representative HUMPHREY. And the Japanese, and all those trading with this country, but the English particularly?

Mr. TODD. I do not think I praised the English method of subsidizing. I was careful to differentiate and say that that was a subvention for a very difficult service rendered.

Representative HUMPHREY. But at the same time you talked about the Collins Line.

Mr. TODD. The Collins Line was an American line.

Representative HUMPHREY. Yes; it was an American line, and it was subsidized \$800,000 per year.

Mr. TODD. Yes; a little more than that.

Representative HUMPHREY. And at the same time it was in competition with the Cunard Line, that was subsidized \$900,000.

Mr. TODD. Exactly.

Representative HUMPHREY. The subsidy was continued to the Cunard Line and the Cunard Line is still running; the Collins Line disappeared from the sea.

Mr. TODD. It simply goes to show that they can beat us at the subsidy game, and they will do it.

Representative HUMPHREY. Your argument, then, is that we ought not to subsidize a line, simply because England will subsidize higher. Now, do you want to be placed in the position of saying that we are not equally able in this country to subsidize, if it becomes a question of keeping up subsidies against England, and that we must hesitate about building up our shipping for fear that some other nation will outdo us? Do you want to be placed in that kind of a position?

Mr. TODD. I think you will find, if you will investigate, that those British subsidies are subsidies for services rendered, and that the British Government is receiving dollar for dollar in value for what it pays out.

BRITISH SUBSIDIES ONLY MAIL PAY.

Representative HUMPHREY. Do you want this Commission to understand that you make the statement to it that the money paid by the English Government for subsidies is only the full price for carrying the mails; in other words, that it is as low as they could get the mails carried?

Mr. TODD. A great many British subsidies in the past have been put up at public auction and bid in by the steamship companies who were bidding against one another, and some of them have been taken at a loss to the companies. The recent subsidies and subventions voted just the other day to the Cunard Line are of such a character and require such service in return that over in Great Britain people consider that the Cunard Line has got the worst of that bargain.

Representative HUMPHREY. An American line would like to get a bargain of the same kind. There are plenty of American shipowners who would take the same kind of a bargain.

The CHAIRMAN. There is an old axiom that one swallow does not make a summer. You have cited one subsidized American line.

Mr. TODD. Two.

The CHAIRMAN. Which two?

Mr. TODD. The Collins Line and the Pacific Mail.

The CHAIRMAN. Well, I will address myself to the Collins Line. If I understood your argument, that line was managed about as badly as any great business enterprise could have been managed.

Mr. TODD. It was not well managed.

The CHAIRMAN. Do you think the subsidy caused those men to mismanage it?

Mr. TODD. I undoubtedly do. I think, so because President Hadley says so. I think he is competent to form a judgment in the matter, and with me he is authority on that question.

The CHAIRMAN. What is President Hadley's particular accomplishment in that line, if I may ask?

Mr. TODD. President Hadley is recognized as an expert on transportation.

Representative HUMPHREY. He may be by some, but he is not so recognized by this Commission.

Mr. TODD. He understands the subject. He is an economist of considerable renown and character.

ANOTHER EXPERIENCE WITH AN ECONOMIST.

Representative HUMPHREY. I should like to say that we had a letter read before this Commission by another very distinguished college president in which—

The CHAIRMAN. And political economist.

Representative HUMPHREY. And political economist, a great authority, in which he advocated that a great remedy would be to remove the tariff on articles that went into the construction of ships for the foreign trade, notwithstanding a statute of that kind has been on our books for years. So we naturally lost a little confidence in the views of that great political economist.

Mr. TODD. He overlooked his hand a little.

Representative HUMPHREY. Yes; he talked theory instead of fact; that was the only trouble.

Mr. TODD. I have simply suggested the removal of the prohibition of American registry upon foreign-built ships. If it will not do any good, it will not do any harm.

The CHAIRMAN. Inasmuch as we have not yet found a shipowner, shipmaster, or capitalist (and we have interrogated a great many of them) who has said that he would be willing to undertake to sail ships if we did permit Americans to go into foreign markets and buy ships abroad, what is the use of our legislating on that subject?

Mr. TODD. Gentlemen, if you have not found them, I have. I found one or two. They are not here before you for their own reasons; I do not know why.

#### WHO ARE THOSE SHIPOWNERS?

The CHAIRMAN. Would you give us the names?

Mr. TODD. No, I would not give you the names; but I am satisfied that there is money which would go into that business if it could, and if it would not, it would not do any harm. No interest would be jeopardized by granting this liberty to American shipowners, and I urge you to try it. Give it a trial. There is the place to begin. That, it seems to me, is the greatest obstacle in your path. If you begin with that and it does not succeed, there will be time then to take up some other proposition.

Representative HUMPHREY. It would do harm if there is any reasonable and proper method which can be devised to rehabilitate our American merchant marine by having the ships built in American shipyards, giving employment to American workmen.

Mr. TODD. That is a very serious question and open to debate. The building of a ship does not give employment to a great many workmen, but it is in the working of the ship and taking out her cargo and the handling of the trade and the commerce to which she gives rise.

Representative HUMPHREY. Yes; but if we built her we would navigate her and give employment to American workmen both on land and on sea.

Mr. TODD. That is a possibility.

#### THE NAMES REFUSED.

The CHAIRMAN. Mr. Todd, I think it is no more than right that you should give the Commission the names of the men who are willing to navigate ships on the high seas if they are permitted to go into foreign markets and buy them free of duty. I should like to summon those men before the Commission.

Mr. TODD. Senator Gallinger, if those gentlemen had wished to appear before this Commission they would have done so. There is nothing against their coming here. I assure you on my honor that I know them, but I do not care to make them any trouble by giving you their names and giving you power to summon them to appear before you. If they wanted to come they would come. They are friends of mine.

The CHAIRMAN. We will regard those gentlemen as mythical gentlemen, who are somewhere in ethereal space.

Mr. TODD. I should rather that you would regard them as mythical men than have me put them to inconvenience. I assure you they are here.

**STATEMENT OF LEIGHTON C. ROBINSON.**

Capt. Leighton C. Robinson appeared.

The CHAIRMAN. Captain Robinson, in what line of business are you engaged?

Mr. ROBINSON. Shipping superintendent of the Shipowners' Association of the Pacific Coast.

The CHAIRMAN. The Commission will be pleased to hear from you, Captain Robinson.

Mr. ROBINSON. I should like to read this letter that I wrote. It is relative to the merchant marine and a naval reserve:

*To the Honorable Members of the Congressional Merchant Marine Commission.*

GENTLEMEN: The following suggestion is respectfully submitted for your kindly consideration, and has as its object the means of restoring the American merchant marine and forming the formation for a naval-reserve force of native-born men serving as officers.

It is suggested that a suitable modern vessel, to be used for the training of American boys between 14 and 16 years of age, be granted to any State on the seacoast on the written application for the same by the governor of that State to the Secretary of Commerce and Labor. These boys, after two years of instruction, on passing a satisfactory examination in seamanship and navigation, shall be presented with a certificate and be entitled to a junior officer's rating, and on serving twelve months at sea, exclusive of all harbor duty, may be deemed eligible for an examination as second officer, in respect to sea service, by the proper authorities.

**AN OCEAN SCHOOL.**

This suggestion if acted upon would enable the native-born American lad to embrace the sea life and at the same time form the nucleus for a naval reserve that must in the near future fall in line with our naval expansion as we become more and more a world power and the leading one on the Pacific Ocean. At the present time on the Pacific coast a lad desirous of going to sea must perforce start as a cabin boy and he becomes a menial—washes dishes, cleans boots, and is in fact a loblolly boy for the master. The forecandle is closed to him because the present rate of wages does not permit the shipowners to employ anyone not absolutely necessary, and again, the majority of professional men, shipmasters, clerks, and salaried officials whose sons want to get away to sea are strongly opposed to the fact that in order to climb the ladder, before stepping on the first rung these young men must join the union or go elsewhere to obtain sea service, thus driving away from the merchant marine the very stamp of men required to form an efficient naval reserve.

The two-years' course of training and twelve months of sea service would enable the average American youth to pass the necessary examination in navigation and seamanship required for steamship duty and at the same time make an officer accustomed to discipline and educated.

Trusting that this may prove beneficial to the American merchant marine, I have the honor to remain, gentlemen,

Very respectfully,

LEIGHTON C. ROBINSON,  
*Shipping Superintendent,  
Shipowners' Association of the Pacific Coast.*

The CHAIRMAN. Captain, I understand your argument to be that each State—

Mr. ROBINSON. Each seacoast State.

The CHAIRMAN. That each seacoast State should have a right to establish a school of this kind?

Mr. ROBINSON. Yes, sir.

The CHAIRMAN. Supported by the Government?

Mr. ROBINSON. Supported by the Government.

#### STATEMENT OF A. CHESEBROUGH.

The CHAIRMAN. The chair understands that Mr. A. Chesebrough, of Williams, Dimond & Co., has submitted a paper, which the secretary of the Commission has been requested to read. He will proceed to do so.

The secretary (Mr. Marvin) read Mr. Chesebrough's statement, as follows:

The decay of the American merchant marine affects the masses as well as the classes. It knows no distinction in its influence. It penetrates the nation. It threatens our economic life. The average citizen is amazed to learn that American shipping in foreign trade is now 100,000 registered tons less than it was one hundred years ago. His patriotic pride is touched, and he regrets that such a startling shrinkage should have occurred. He may even appreciate the contrast between our contracted merchant marine and our expanded export trade, but he will hardly see the true significance of the situation. His line of thought is naturally in the direction of his private affairs. He expects the Government to safeguard national interests.

The increase in our export trade is in inverse ratio to the shrinkage of our merchant marine. This export trade passed well beyond fourteen hundred million dollars in 1903, and carried the United States to the first place among exporting nations. This commercial advance was joyfully hailed by the people. It was hailed by economic writers as the greatest trade triumph of the age. Taken by itself, and apart from every other economic consideration, it is pleasing to contemplate. Connected with the shrinkage of the American merchant marine, it may be construed as a menace. If American merchant-marine shrinkage and export-trade expansion continue in the same ratio, this country will find its export trade in an awkward position. The present anomalous and unfortunate situation will in such a case be aggravated. Fortunately for the country, the scope of the inquiry under the auspices of this Commission is so broad that the vitality of the export trade and its relation to over-sea shipping are subjects well within the official programme.

#### THE ISSUE NATIONAL.

There is a popular fallacy that only shipbuilders and shipping men are directly interested in the merchant-marine issue. I contend that this issue is national. The private interests affected by the merchant-marine shrinkage (great as they are) are of secondary importance. The first consideration is national safety; insurance against the emergency risks of war.

The war with Spain furnished an object lesson that may not be

safely ignored. The moment the National Government sought sea transportation for men, supplies, and munitions of war, it found itself in a trying emergency; the necessary American bottoms for transport service were unavailable. The nation as a nation suffered from the lack of American deep-sea ships. You, gentlemen, will readily recall that this transportation problem assumed a serious shape; that the national authorities were unable to promptly follow their deep-sea plans, and that on the Atlantic as well as on the Pacific the Government was forced to hire foreign ships for transport service and present them with the American flag. In a comparatively small crisis the American merchant marine failed to meet the national necessities. We may assume that if the war had been with a stronger power than Spain the inadequacy of the American merchant marine, as a military auxiliary, would have caused a larger sacrifice of blood and treasure. At best the American Government lost prestige through the exposure of its transportation weakness on the sea.

#### INCREASE OF JAPANESE SUBSIDIES.

An experience of Japan in the present war is another lesson for the American nation. While the American merchant marine has decayed, that of Japan has grown suggestively robust. The Japanese Government has of late years systematically stimulated the growth of Japanese deep-sea shipping. It is said on apparently good authority that if the subsidized steamers of Japan did not carry a pound of freight or a single passenger, they would still pay their running expenses, the subsidy received from the Government equaling these expenses. The same may be said of French tonnage. The Japanese merchant marine increased from 214,000 tons in 1892 to 935,000 tons in 1902. Even with this increase the sea transportation facilities of Japan have not been brought to the required standard. They are far below existing demands. The Government has drawn so heavily on its merchant marine, as a military adjunct in the present war, that one steamship company alone, its steamers having been requisitioned, has had to charter for its own use 26 vessels of a total tonnage of 58,067. And the war is still on.

It seems to me that at the very threshold of this inquiry the Commission confronts a merchant marine situation involving national safety and national honor. The area of our country is far wider than anterior to the Spanish war, and the isolated sections have multiplied. The American naval policy is an admission that the difficulties of defense have increased. To my mind a national policy that makes for the expansion of the merchant marine as an auxiliary to the military service is a form of insurance that should commend itself to every patriotic and progressive citizen.

#### OUR EXPORTERS NEED AMERICAN SHIPS.

Passing from the national insurance phase of the American merchant marine, and dealing more particularly with private affairs, we reach the exporting interests. The farmers and the manufacturers whose products or wares are sent across the sea are almost entirely dependent on foreign transportation. If for any cause this transportation is curtailed our exporters suffer. The risk of the exporters keeps pace with

the increase in the volume of our exports. Then, again, there is the question of routes. As the bulk of American foreign trade is in foreign bottoms it follows that this trade must pass along the routes created and controlled by foreign shipowners. As these routes were arranged for the benefit of European producers and traders, and are often specially adapted to the demands of European trade, the American exporter finds himself at a disadvantage. The foreigner sending goods to an over-sea country in a ship flying his own national flag has a better trade chance in the country of import than the American exporting under a foreign flag. Exporters can abundantly testify to this fact.

The many collateral disadvantages of an inadequate merchant marine, such as the transshipment frequently involved in the use of foreign bottoms, need not be detailed. One of the most important considerations is the dependence of American foreign trade on foreign transportation. This dependence is un-American as well as distinctly dangerous. When people generally understand and appreciate the interdependence of the agricultural, laboring, manufacturing, ship-building, and other large material interests of the country, I am inclined to think that the people as a people, apart from political considerations, will favor the revival of the American merchant marine through governmental assistance. The merchant marine must be put in proper shape by American hands; and the American nation, after all is said and done, the first and greatest beneficiary, must share the burden.

#### AN ISTHMIAN CANAL FOR FOREIGN VESSELS.

It would be ridiculous to build an Isthmian Canal to be used largely by foreign vessels. In the existing conditions of the American merchant marine the Panama Canal, if available to-day, would be suggestively serviceable to foreign shipping.

In view of all the circumstances, national interest, national honor, and our export trade being at stake, the appointment of a commission to consider and recommend legislation for the development of the American merchant marine was a wise and prudent proceeding. You already know from the lips of American shipbuilders that the ship-building industry is depressed beyond self-restoration, and that owing to the large difference in wages our yards can not compete with those in foreign lands. You further know that American ships, favoring the sailor, can not be operated at the low rate attaching to foreign vessels, and for this latter reason free ships would not solve the American merchant-marine problem.

The fact that your honorable committee has been appointed by Congress to report upon the best lines upon which the American merchant marine can be rehabilitated is in itself proof that there is difference of opinion as to the method to be employed.

#### A DIRECT SUBSIDY TO STEAM AND SAIL.

With this before me, I hesitate to advance any theories; but, being called upon for an opinion, venture to say that, considering the greatest good for the greatest number, I can not see how free ships will cure the evil. To put our mercantile marine upon a sound basis our ships must be constructed at home, and until our designers and builders



have had more experience they must receive some help from the Government. This could be effected by offering a bonus to builders for all vessels constructed on lines that would make them useful in times of war for auxiliary cruisers or transports, or sailing vessels to carry our products.

This would enable owners to obtain their tonnage at less cost than at present, and at prices nearer the cost of foreign-built vessels, thereby obviating the necessity of free ships.

The principal obstruction in the way of American competition with foreign tonnage is the increased cost of wages in this country, and other restrictions in connection with our tonnage. In my opinion, these can be overcome only by a direct subsidy affecting both steam and sail until such time as the American mercantile marine shall again hold the position it once had and the universal law of supply and demand shall prevail.

The matter at issue has been so carefully gone through with before this honorable Commission, and by abler heads than mine, it is, speaking for myself, a difficult matter to present any new phase for your consideration. The builders of ships, the shipping men, the farmers, and the manufacturers have an equal interest in the American merchant marine. National aid to this industry should begin with the laying of the keel and reach into the operation of the vessel.

#### ORDER OF BUSINESS.

The CHAIRMAN. Several gentlemen have expressed a wish to be heard to-morrow forenoon, among whom are Mr. Schwerin, representing the Pacific Mail Steamship Company, and Mr. Tucker, representing the Marine Engineers' Association. Captain Thayer likewise will be heard to-morrow forenoon. The list handed the Chair has been exhausted with the single exception of Mr. Eugene Steidle, secretary of the Marine Cooks and Stewards' Association. I think he is not present. The Commission would be glad to sit until 5 o'clock if there are any gentlemen present who desire to occupy the time. It is now 16 minutes past 4.

#### STATEMENT OF J. L. WILSON.

J. L. Wilson appeared.

The CHAIRMAN. Mr. Wilson, in what line of business are you engaged?

Mr. WILSON. I am here as a representative of the California Harbor Association of Masters and Pilots.

The CHAIRMAN. Mr. Wilson, you will proceed.

Mr. WILSON. I have a few suggestions to present on behalf of the committee of the American Association of Masters and Pilots of San Francisco, Cal.

*Subsidizing of American ships.*—It is suggested by the undersigned that, in order to promote the best interests of American shipping engaged in our foreign trade, it will be necessary to subsidize the vessels so engaged in some manner and to such an extent that they may successfully compete with foreign vessels engaged in the same trade; and it is our opinion that such subsidies should apply to all classes of

vessels so engaged in proportion to their tonnage, and the payment of the subsidies to be based, to some extent, upon the mileage traversed by the vessels.

*Pension fund.*—We would also suggest that a pension fund should be created for the benefit of American seamen as an inducement to American citizens to follow the profession.

In order that this fund may be created we would propose that a percentage of each seaman's monthly wages be deducted therefrom for the purpose, said pension fund to be used for the benefit of sailors who have been engaged in the American merchant marine for a number of years, and to be paid in some such manner as the following:

Each sailor who has served twenty years in the American merchant marine and attained the age of 60 years to thereafter receive a fixed sum sufficient to maintain him decently.

To all sailors who have become permanently disabled in the service before reaching the age of 60 years, a sum shall be paid equal to one-half his monthly earnings, according to his rank at the time his disability commenced.

*As to licensing officers.*—We would further suggest that all applicants for a first license shall be required to serve in the deck department at least three years before receiving a license for sailing vessels, and one additional year on a steamer, if the license is to apply to steam vessels, and that the old method of licensing be replaced by the issuing of a certificate of competency, as is done by the British Board of Trade.

*As to supervising inspectors.*—We would suggest that the supervising inspectors of the United States be composed of one-half shipmasters and the other half engineers, duly qualified.

*Suspension of licenses.*—We propose that in case the license of any seaman be suspended or revoked that he shall thereafter be allowed to serve in the next lower grade during suspension of his license.

*Naval reserve.*—We suggest that a naval reserve for the United States be created from members of the merchant marine in order to provide a supply of competent men for both officers and crew in case of war. This would also be a further inducement for American citizens to enlist in the occupation of seaman.

*Marine hospital.*—We propose that the limit of sixty days' time, which now governs the admission of sick and injured mariners to the hospitals, be stricken out, and that any seamen be taken in at all times upon furnishing reasonable evidence that he is a mariner so engaged.

O. F. FISHER,  
CHAS. ANDERSON,  
J. L. WILSON,  
R. N. PIPPEY,

*Committee.*

The CHAIRMAN. If there is any other gentleman present who desires to say a word to the Commission we shall be pleased to hear from any one on any phase of the question under consideration. If there is no one present desiring to be heard, a recess will be taken until 10 o'clock to-morrow forenoon.

Thereupon the Commission (at 4 o'clock and 22 minutes p. m.) adjourned until to-morrow at 10 o'clock a. m.

SAN FRANCISCO, CAL., *Friday, August 5, 1904.*

The Commission met at 10 o'clock a. m.

Present: Senator Gallinger (chairman), Representatives Minor, Humphrey, and Spight.

Also Hon. George C. Perkins, Hon. Edward J. Livernash, Hon. William J. Wynn, and representatives of the shipping and other business interests.

**STATEMENT OF R. P. SCHWERIN,**

*Vice-president and general manager Pacific Mail Steamship Company, vice-president and general manager Portland and Asiatic Steamship Company, vice-president and general manager San Francisco and Portland Steamship Company, president Occidental and Oriental Steamship Company.*

Mr. SCHWERIN. Gentlemen of the Commission, I wish to preface my remarks by saying that I have no philanthropic ideas on the shipping question, but that I believe in running a steamship line to make all the money out of it you possibly can. That has been my policy, and it will be my policy as long as I have anything to do with steamship operations. So I do not want to be accused in any possible way of coming before this Commission and asking you for any help for any particular steamship line in which I am interested. I look upon this question as one of national import. If it hurts one line, it has got to hurt it, provided it helps the majority.

I should like to go back, if you will give me the time, to the condition of the United States Navy when I was an officer there, along in 1879. We had about seventeen ships on the United States naval list at that time capable of going to sea. We had officers in service to man fifty ships. The personnel of the Navy was cut down and the Navy became a disgrace to the country as well as to all the people in it.

**NAVY AND MERCHANT MARINE.**

The question of the rehabilitation of the Navy was taken up, and, without going into that story, you all know what a battle fleet we have to-day. This was done by act of Congress, through the wish of the people; and I do not believe the Federal Government has been found fault with in any way for the amount of money that has been spent in rehabilitating the national fleet and continuing its power and growth. It may be that a day will come when that will be so, but in view of the fact that we have been able to accomplish so much with our naval fleet it appears to me that if the same statesmanship should be applied to the rehabilitation of the mercantile marine we could in the end accomplish a great deal, and, in fact, we certainly could create a situation very much more in keeping with the general commercial supremacy of this country.

This can not be done through the assistance of any political demagoguery. It has got to be done on broad national grounds. If the people want Congress to do it, they must legislate generously. If they do not want it done, the people must say so, and let us not bother hereafter about whether we can get Government help or not. But we must go on with our few truly American officers and crews and do the best we can, endeavoring in every way to get the cheapest possible ships to operate; in other words, you must let American capital

invest in foreign ships and obtain the benefits of free crews, free officers, and cheap ships under foreign flags.

#### ECONOMY THE WATCHWORD.

If we are to have an American fleet and maintain it, we must bear in mind that the fundamental principle to be considered is economy in operation. This country has, through the means of protection, elevated and raised the condition of the laboring man until he is occupying the position with us of the middle classes of practically all other nationalities. He has more than money enough to educate his children, because the taxpayers not only support public schools, but are also taxed for bounty to maintain the high and normal schools, and children are taught drawing, Latin, Greek, French, and many of the higher arts of education, even carrying it as far as the study of metallurgy and chemistry in some of the schools in the East.

It stands to reason that if boys born in America, or coming here as foreigners and naturalized in America, receive this class of education they are not going to retrograde by going back to carrying the hod or to digging trenches in the streets.

#### AMERICAN BOYS NOT MERE LABORERS.

Therefore this fundamental principle for the operation of steamship lines—the economy of operation—applies particularly to the crews. If you are in competition with foreign bottoms and you have only these boys who are educated in America and in our common schools to perform the duties of laborers aboard ship (and the laborers aboard ship are the sailors, firemen, and coal passers), occupying relatively exactly the same position as the men who build our railroads, who grade and lay the track, and dig the foundations of buildings, or grade and pave our streets, you will have untrained and unfit material to draw on. It does not take an educated man or boy to perform such services. It takes an educated man to direct, but not to perform.

It therefore is apparent that this kind of boy will not be attracted to the sea. He will not go into the fireroom either in the higher or the lower latitudes. He can obtain better wages and a better position and with more emoluments to himself by settling on shore.

#### HIGHER WAGES ASHORE.

When the United States Navy rehabilitated its service I was for three years in the training squadron. Our boys were trained as sailors and riggers, and we found that just as soon as they were able to get out of the training squadron they were offered from three to three and a half and four dollars a day to go as riggers on the great buildings that had just come into existence through the development of structural material. There was a scarcity of men on shore to handle tackles and the great steel girders and beams. Men who had the intelligence and training school experience were sought for.

Shortly after my graduation at Annapolis electricity became a factor in this country. Electricity was one of the studies at Annapolis. I think almost every man in my class who was skilled in electrical

science was asked to go out of the service and to take a position as an electrical and constructing engineer. We were getting \$1,200 per annum. We were offered at the start \$2,500 to leave a nautical for civil life, because of our special training.

That is an illustration of the inducement, for twice the salary, for a man educated for sea life in the highest degree, in the highest type, at the expense of the Government, to go ashore and take his opportunity and his chances with the general public.

#### MUST BE SOME RETURN.

There is an old saying, and a very true one, that the laboring man can only have home and food and clothing for himself and his family in proportion to the employment of and the compensation for his labor, and that the employer can only pay him by advantageous sales of the things produced. With us the thing produced is transportation. Now, we can not run a steamship line unless somebody pays for it. We can not expect men to take stock or bonds in any organization unless there is some return for the money. Unless the shipper or the passenger pays us for the marine service rendered we certainly can not employ any man to perform such service.

If competition is such that the rates on passengers and freight which we obtain are so low that it is a difficult matter to pay the operating expenses of a steamship, then we are not in a position to pay the same class of wages afloat in such competition as those same men can obtain on shore, even as a laborer or a stevedore. Therefore, whenever a steamship operator can do so he naturally, other things being equal, obtains his men at the lowest market rate, and he can do no more, because as an employer he can only provide the home, the food, and the clothing for his employees according to the means and the prices which he obtains for his product; and with us, as I said, that is transportation.

#### COMPETING WITH ALL THE WORLD.

If other nations of the world allow all classes of nationality aboard their ships, and our shipping is in competition with all other nations of the world, then to put us on a level with them you must allow us exactly the same conditions of operation as accrue to our competitors.

In 1898 there were in the British mercantile marine about 36,000 foreigners, including Chinese and Lascars, and a large number of foreigners holding officers' certificates. Now any American-born citizen or any naturalized American can go to Great Britain or any British port and pass the examination for a British certificated officer and he can perform the service of an officer on any British bottom, barring those which are in the Naval Reserve. In this country if we hoist the American flag on a ship and it is in operation in a foreign country we can then take any nationality to perform the duties of deck officers on that ship. But when the ship comes back to this country we have to substitute for such men native-born or naturalized officers. This means a hardship, as we find it is very difficult to get Americans to go to a foreign service or to contract to remain abroad on services where they do not see their homes or families for two or three years at a time.

We formerly operated a line between Panama and Acapulco, and another line between Panama and Champerico, and I want to say it was a very difficult matter to get a desirable class of men to send down there, and the majority we obtained were not the men we liked to see assume the responsibilities of control of our ships.

#### WILL NOT DIG SEWERS.

I may be mistaken, but I do not think any of us has ever seen any boy who has ever graduated from the common schools in this country digging sewers in the streets of the city in which he lives, or mixing mortar, or carrying the hod.

There is no more disgrace in a man earning his living in such occupations than in obtaining his living as an orthodox preacher, or as President of the United States, but I say it takes a different degree of intelligence, for in the one case a man may be of slender frame, of large head, with a great deal of gray matter in it, and in the other case he may have small mental attainments, but a pair of shoulders and a back that classify the two as different men, destined for different occupations.

Aboard our mail steamships we have got to have the brawn and the muscle to handle the cargo, to handle the lines, to handle the coal, and to take care of the engines. We can not take everybody and anybody to perform such work. Where you are running a tramp steamer and where each ship may remain in port ten, twenty, or thirty days, or forty days, it may be, waiting for a cargo, you have an opportunity there to look about and select your men. But when you are running a scheduled line of steamers your ship may come in on the 10th and go to sea on the 20th and you must be unmolested as to the type of men who form your crews. The daily questions that arise between the crew and the management must be settled between them, and the ship must go at the hour scheduled on which the passengers and ship-pers expect her to sail. Otherwise you have a disorganized line and people are always claiming that you never perform the services which you advertise and which, according to your contract, you were to perform.

#### CHANCES TO GO TO SEA.

It is not a fact that there is no opportunity for the American boy to learn the seafaring life if he wants to. I was at the Naval Academy last winter and Captain Brownson, the Superintendent at Annapolis, told me that they expected this year to have in the neighborhood of 900 boys as cadets. In my time there 350 was a phenomenal corps. Captain Brownson also said that in all probability with the makeup of the Navy it would be but a short time before they would require 1,200 boys there, and even that number would not supply the deficiency of the service if all the vessels were ordered into service in case of conflict.

If Uncle Sam should say we will take 10,000 boys at Annapolis and educate them, you would have no difficulty in getting those 10,000 and 10,000 more if you wanted them, because the American boy there is educated to the very degree and to the very occupation which all American boys have an ambition to fill, i. e., to supervise and

direct and not to perform manual labor. If, on the other hand, Uncle Sam said we will educate so many boys for firemen and coal passers you would have just exactly the same difficulty in getting them that we have in getting them in the merchant service to-day.

#### INLAND BOYS HOMESICK.

The American boy loves home. In one ship I was on we had 40 boys who came from the Middle West, from Iowa, Nebraska, and Kansas. In six months there were only two of those boys left. They were continually homesick, whereas we rarely ever lost a New York or Boston or Philadelphia boy who had spent a portion of his life around the wharves of those cities. But the farmer boy did not want to stay. He did not like the confinement. He would get letters from home. In fact, the family of one of the boys wrote him a letter which made him so homesick that he tried to desert the ship at Newport, and his body was found with all his kit tied to it. He did not desire to go to sea, but did desire to show his sailor clothes to his kinsfolk.

The difficulty with American boys might be overcome if we could start them all as quartermasters or as oilers in the engineer's force. There are always plenty of boys available for these positions. The unfortunate part is that when we get them and tell them to go into the chains to obtain soundings they can not heave the lead, or to oil certain portions of the machinery they do not know what is meant. A uniform and the device on the cap do not qualify the wearer to perform the duties which he seeks, and if the American boy desires to be a quartermaster and will neglect and avoid the drudgery of the sailor's education, or if an oiler, that of the coal passer and fireman or the mechanic's trade, then these people are not available to properly perform the important duties required.

Gentlemen, bear in mind I am talking of the American boy. I am not talking of any Scandinavian or Norwegian, or Liverpool Johnny, or any Dutch coal heaver doing this work; I am talking of the American boy.

#### CONGENIAL ROUTES.

There is another thing that has to be borne in mind, and that is that there are congenial routes to seafaring people. I will venture to say that even the Atlantic lines could not run their steamers across to New York as they are doing to-day were it not for the large foreign element that drifts backward and forward between the Atlantic ports of this country and the west coast of Europe. For instance, in the East for the trial trips performed by battle ships and mercantile ships they are recruited from the relief crews that are lying around Hoboken which belong to the North German Lloyd and the Hamburg-American companies. Men lie over for a voyage or two, and quite a colony has been built up on the Hoboken side. You can not recruit those crews from any Americans.

It stands to reason that the men who occupy these positions aboard ship between New York, we will say, and the United Kingdom or Germany, have their families at one end or the other of the line, and they are climatically adapted to that service; but if you take those

same men on a run between the ports of the Caribbean Sea they will soon quit, whereas if you take the Spaniard or Italian or the South American and put him in ships that are running on those routes he will be perfectly at home.

An evidence of that is the fact that in Asia the subsidized ships of Germany do not name any particular men for firemen or coal passers operating on the China or the Red Sea. They there permit the ship-owner to take whatever crew he can get to perform those services, because they have found that their men can not stand that extreme service. In fact, I have here a letter which bears on that subject. It was brought up before the French Parliament. Let me read a translation of an extract from a report made to the French Chamber of Deputies May 28, 1892, upon the French ship-subsidy laws, drafted by M. Jules Siegfried and a commission of twenty-two, including M. Felix Faure, late President of the French Republic, found in the Report of the Commissioner of Navigation for 1898, pages 163 and 164.

#### COLONIAL NAVIGATION.

"Our colleague, M. Le Myre Vilers, the devoted representative of Cochin China, struck by seeing the greater part of French navigation to Indo-China under foreign flags, has laid before the commission the very interesting subject of colonial navigation. He wishes that this navigation, which represents a considerable movement, might be made by French ships, which would have the double advantage of being a source of benefit to our merchant marine and developing our national prestige in the extreme East. This colonial navigation in the Indian and China seas presents special difficulties on account of climate. Our sailors, and particularly our engineers, can not stand the torrid heat of the Red, Indian, and China seas, and they are not the only ones. Consequently, all ships which frequent these oceans have a part of their crew composed of Lascars or Chinese, who alone are able to endure the climate. As a result the French ships which by the terms of the navigation act of September 21, 1793, article 2 (saying, 'No ship shall be considered French if the officers and three-quarters of the crew are not French'), can not share in this navigation unless they are allowed, like English, German, or other ships to have half or three-quarters of the crew foreigners. It is true that the employment of steam has necessitated many changes in the rules for navigation in tropical climates. The act of April 22, 1872, orders that article 14, act of January 28, 1857 (concluding, 'In all cases the force employed in the engine room of a ship shall not consist of more than one-quarter foreigners'), shall not apply to packet-boats navigating the Red Sea and Indian Ocean, even when they clear from or enter French ports. Another circular, of November 25, 1885, authorizes the French flag to be carried over ships owned at least one-half by French citizens when navigating remote seas, under the single reservation that the captain be French. These vessels, regularly registered, have no right to the navigation bounty, because their officers and three-quarters of the crew are not French. As a result, ships sailing in the Tropics can not profit by the act concerning the merchant marine, as the climate will not allow them to employ three-quarters French, and they can not compete with foreign ships manned almost



entirely with natives. The consequence is that navigation in our Indo-China colonies has almost entirely escaped from us, and is conducted by English and German vessels. M. Le Vilers desires that the law controlling the merchant marine should contain an article as follows:

"The provisions of article 2 of the navigation act of September 21, 1793, concerning the composition of the crew shall not be applicable to ships sailing exclusively on distant oceans. They shall have a right to the bounty if the captain and a quarter of the crew are French."

"The question of colonial navigation is very important to our commerce and our colonial future. There are certainly measures to be taken to remedy the inconveniences noted by our colleague, but the commission thinks that this question should be treated together with questions concerning the registering of ships and the composition of the crew."

I simply cite that to show that this condition of congenial routes does not confront us alone, but confronts other nations who are operating under peculiar circumstances, under very hot climatic conditions.

#### NO AMERICAN CREW.

When the ship *Mongolia* was to be brought from Newport News to San Francisco we desired to make a test case of it, and see if we could get an American crew. This was worked on for six weeks, and at the end of that time we had two Americans, outside of the cooks and waiters on the ship. We could get white boys only as waiters, and there were two Americans in the crew of 51 men. Captain Rinder reported to me on the arrival of the ship here that there were only two of that whole crew on the deck force—I think out of 18 men in the deck force—who could knot or splice a piece of rope.

#### GAVE UP OCEAN MAIL LAW

The Pacific Mail Steamship Company was operating under the mail subsidy or postal act of 1891, when I was elected an officer in the service of the company. I may add here that at this time the company was practically bankrupt, owing \$1,100,000, and it was a very serious question whether the directors would elect a new general manager or go into the hands of a receiver. I found under the operation of the mail act of 1891, after having an opportunity to make an examination of the finances of the company, that trying to comply with the mail contract was the cause of the serious financial condition of the company. So I sent a telegram to Washington asking that the contract be abrogated. It was done, and we began to earn money, and we have earned enough to keep going ever since.

#### CADETS ON STEAMSHIPS.

During the time the contract was in operation we carried cadets on board ship. I have talked with a number of our captains, and two of them, Captain Seabury and Captain Smith, who are broad-gauge men, and who are very anxious and desirous of helping the boys in the American mercantile marine, both stated that the system

was wrong and it was impossible to accomplish anything for their good. We would be very glad to have native-born Americans as deck officers, but we can not send the American boys, with rare exceptions, on board the modern steamer and educate them as deck officers; they lack personal ambition to try and make anything out of their opportunities.

There was apparently no place for these cadets aboard ship. The law required that they should be carried. A good many made application for appointment in this service merely to have an opportunity to make one or two voyages to a foreign country, and they would leave the ship immediately upon its return to the home port.

They were hard to discipline. They started with no experience; some, tired of discipline, did not stay, and would quit. Finally the whole thing resolved itself into the fact that the only thing that could be found for these American cadets to do (and pitiful it is to make this statement) was to clean bright work and do messenger duty. You will never educate anybody to perform the duties of a sailor by solely cleaning bright work aboard ship.

Representative SPIGHT. Mr. Schwerin, let me see if I understand you correctly. Is it your position that under the mail contract your line was losing money and that after you abrogated that contract it made money?

Mr. SCHWERIN. Yes, sir.

Representative SPIGHT. You found it was unprofitable to accept the aid that was given your company?

Mr. SCHWERIN. Yes, sir; under the act of 1891.

The CHAIRMAN. Be a little more definite and state to the committee the reasons.

Mr. SCHWERIN. I will explain that a little later on, if you will allow me.

#### SHOULD BE TRAINED ON SAIL SHIPS.

Now, I have given a great deal of thought to this subject of the fitting of the American boy for sea service. I was three years in the United States training squadron. I am convinced that there is an opportunity for the American boy to go to sea, but his education should be eliminated from steamships actually in operation until he has received a certain amount of training outside of such steamships.

The German Government assists the Hamburg-American Line in maintaining two large sailing ships. These sailing ships seek trade all over the world. They carry a large number of apprentice boys, apprenticed by their families to the company until they are 21 years of age, and they have to stick to it or they are punished by the Government, and can not be discharged unless for some good reason. In other words, the apprenticeship of the mercantile boy is on the same line as the apprenticeship of the boys to the United States Government by their parents in the United States naval training service.

These ships may lose or they may make money. If they lose money the German Government makes up the deficiency. That keeps the ships cruising all over the world, and it gives the boys the opportunity and the place to learn the fundamental principles of a sailor's life, and you can not learn it anywhere except in a square-rigged ship. There is no question about that. You can not learn it anywhere else.

If a man is brought up in the steamship business he may be a sailor, but to command great ships and command them well he has got to have the foundation laid where he acts with his hands, feet, and head at all times and must be quick to catch on and meet all emergencies as they occur.

#### SCHOOL SHIPS IN AMERICA.

Now, that could be done in this country. For instance, we have the nucleus of that in the training ship *St. Mary's* in New York. But unfortunately there is no inducement later on for these boys. I understand from the investigation I made in New York that there is nothing for those boys to do when they finish their education. They may go down to some line and apply for a place. The answer is, "Well, we do not want you; we have all the men we want." Apparently masters are not willing to take those boys and bother with them.

This is where the aid of the Government can come in. If the Government assists these school ships and furnishes these boys with a certificate of graduation qualifying them to perform the duties of quartermaster or junior officer, I am sure that the American lines operating large American ships will only be too glad to continue their education and service in those lines and fill their decks with that class of officers.

As to the school ship. Some States have initiated such ships for training only, and not to carry merchandise, and the United States Government should become interested in this service so far as increasing this fleet from which the mercantile service could obtain petty officers or officers, and in time of war these same officers would be available to fill many of the requirements of the Government.

#### THE WAY TO MAKE SAILORS.

There is no reason why Baltimore, Philadelphia, New York, Boston, the Sound, and San Francisco should not all have school or mercantile ships. Consider how many boys would be turned out from them and consider that if you got only 25 per cent of those boys back in the marine service after three years afloat, or until 21 years of age, in making annual cruises each year and coming back again, what excellent material would be obtained for officers. They would have the inducement to see the world and be in training all the time they were seeing it. The United States training squadron was not a success to the United States Navy until the ships began to make foreign cruises. That told the story. If the ship lay in port the boys got letters from home and cleared out. But if you kept them away in foreign lands you weaned them from a landlubber's life, and the result has been that you could not persuade them to leave the ship when they returned to the United States. They were bred to the Navy right on. The result has been that there is a large number of Americans in the Navy to-day—men born in this country.

#### A COSMOPOLITAN CROWD.

In 1879 on the *Wyoming*, on the European Station, we had a crew of about 163 men. There was but one, named George, chief signal

quartermaster, born in this country. The forecandle was comprised entirely of Greeks, the foretop of nothing but Irishmen, the main top was all German, the mizzen top was all British and Dutch. There was a nucleus of all nationalities in the after guard, and yet that ship was the crack drill ship of the Mediterranean Squadron. There was the greatest possible rivalry between the nationalities on board, and if we had had war with any nationality the men of that nationality on that ship would have stayed with her and fought their mother country. Whenever they went ashore, no matter what might be the nationality at the port, they always stood together in a good knock down fight and considered themselves one as Americans; still this is a doubtful condition to depend upon, though we must face such conditions in the mercantile service to-day.

#### NOT ON MAIL SHIPS.

Now, if the Government should insist on boys being trained on mail steamers which are to obtain Government assistance, they are going to defeat the very thing for which those interested in the welfare of these boys are working. It would be better for the mail steamer to receive a less subsidy, if one is granted, and have the difference devoted to the training of the boys in the regular nautical mercantile school ships, not school ships for correction, but in regular ships where parents would be glad to send boys of all classes who show a desire to go to sea, and where they can be properly cared for and taught.

#### BOYS WILL GO TO SEA.

As an illustration of the fact that there are boys in all classes of life who have a desire to go to sea, I wish to state this incident: Admiral Coghlan, of the United States Navy, whom you have all heard of, had a son, Graham Coghlan. His father desired me to employ him on the railroad. This was tried. Graham came to me and said: "I do not like this life. I want to go to sea." His mother bitterly opposed it. I persuaded the mother to allow me to put the boy on a ship bound from San Francisco to New York, under the control of Mr. Rosenfeld. I told Graham if he would make the voyage from here to New York and back around the Horn I would give him a position as quartermaster in the line. He went on that ship, made the voyage to New York, and then knocked around for three months on a coasting vessel on the Atlantic coast. Then he got back into deep water, and finally I put him on as quartermaster. That was five years ago, and he was made first officer of the *Para* the other day.

That shows there are boys who will go to sea. I went to sea. I told my father that I would go to sea; I would run away or go into the Navy. He chose the Navy. There are lots of other boys with exactly the same feeling in this country.

#### FIRST GET YOUR SHIPS.

Now, gentlemen, I have been taking up your time on the point of the American boy because I believe it has been well voiced in this country, and it seems to be one of the fundamental necessities to be provided for that something has got to be done for the American boy

if any assistance is to be given the American mercantile marine, and I believe we should not get hysterical over the welfare of the American boy, but that first legislation be devoted to the upbuilding of the mercantile marine on the broadest possible lines, and when we have ships under the American flag we will find some way to educate the American boy to perform at least the duties of officers, if not of the laboring class.

Legislation should be framed to provide ships in such a way as to induce new financial investment, and should not be framed with the idea that the American boy is to be consulted or in any way considered in this proposition until perhaps by later legislation, when the American mercantile marine is rehabilitated and a place or many places may be provided for him, if time proves that this rehabilitation has not of itself solved the question of the American boy seeking a seafaring life for an occupation.

#### FREIGHTERS THE MOST IMPORTANT.

Now, as to the question of assisting mercantile ships, I do not believe that it would be a healthful proposition for the United States Government to frame any assistance bill, whether by a subsidy, bounty, or differential or preferential duty, or anything you may call it, that would tend to create a speculative movement in the building of ships. That movement, to be followed up properly, must be healthful, and the people who build and operate ships must have a definite purpose for which they intend to use those ships.

To my mind the most important matter in the aid that might be given to shipbuilding or to ships is not so much to the 20-knot boat or the 18-knot boat or the 17-knot boat as it is to the cargo carrier that will seek cargo in foreign ports of the world and take it away from our foreign competitors.

As to such ships, if you are going to carry the commerce of the world you have got to carry it in the tramp type, and such a type must receive assistance. That ship should not only have assistance in seeking and carrying the cargo, but should have free opportunity to take its labor in the cheapest market of the world. If you do assist it, if you do give it the opportunity to compete with all other nationalities, to get right in and take its business at a less figure than foreign bottoms can take it, you are going to create a mercantile marine, and having created a mercantile marine, you are going to create the opportunity for the American boy to go to sea in that mercantile marine in the end, through the great number of ships afloat and the large number of berths created for officers.

#### A CHANCE FOR EVERYONE.

First, you must produce your ship. Later on the managers and officers will persuade other boys, sons of friends and relatives, to go to sea, because those people can see for themselves that an American boy can rise to be a first officer and master and finally steamship manager, and there is an opportunity for each and every one on the same lines.

But if you will look through most American ships to-day you will see that the captains are gray-headed men, and when we have but few

ships under the American flag and there is no incentive or inducement for a boy to get along, as there are but few vacancies, you certainly are not going to get them to go to sea.

Get the ships first. Never mind the boy. As far as operating ships abroad is concerned, get the ships and get them under the best conditions, let them operate under the broadest conditions, and eventually you will have lots of boys who will go to sea. It is said that trade follows the flag; but let me say that trade is bound to follow the dollar, and just as soon as you put the American tramp steamer in a position to take that dollar the American tramp steamer will carry the trade. It can not do it to-day. The conditions which confront us make it absolutely impossible.

I believe there is no use in my taking up your time in a discussion of any literature that has been printed on this question, because, of course, from 1891 up to the present date a large amount has been printed by the Government and others, all of which has been available to you and I think you are far more familiar with the situation even than I am.

#### A VERY DIFFERENT PROBLEM.

I have thought of a good many ways in which Government aid could be given to American ships, and the more I have thought of it the more difficult the problem becomes. Can the Government assist any one steamship line without affecting another or any one particular locality of the United States without drawing the antagonism of another? But on the broad lines of help there are two ways in which I think it should be done.

The United States Government first wants to be served with a class of ships which it can use in time of war for dispatch boats or scouts or transports or any other war purposes. The United States Government should have its mail routes to certain great entrepôts of the world, with vessels upon which it can send its own Government officials, its own freight, and its own dispatches, and be independent of all other nationalities for that communication in time of peace.

#### DEFINITE MAIL CONTRACTS.

I therefore believe that there should be selected certain routes, such routes to be known absolutely as mail routes, and for that specific service there should be a contract drawn for a certain definite period with steamship owners to operate on those routes. The people of the United States should not look upon that question as a monopoly existing for those particular lines, but that those particular lines—I do not care who owns or who creates them—are to be considered not only as a commercial enterprise or private investment, but as a solid and safe investment for all the people of the United States, which the Government can take at any time when required, just as the Japanese Government did its subsidized ships at the beginning of the present war. That Government took off three of the Japanese steamers operating here and turned two of them into gunboats and used the third as a transport. On two they tore out all the cabins and put temporary armament on board. Later on the one used as a transport was returned to service to show the world that this war was not bothering them and they were in a condition to continue transact-

ing commercial business. In other words, the Japanese Government insisted that owners should run the one boat to demonstrate to the world the war was not crippling them to any commercial extent.

#### NOT REGULAR MEN-OF-WAR.

If the supervision of the construction of vessels for the mercantile service is to be carried out as the supervision of battle ships is to-day, the cost of producing the American ship in this country under that supervision, though I am an ex-naval officer myself, I say would be almost double what it is to-day, and the delay in getting those ships would be interminable. In other words, the construction department of the United States Navy would attempt to make out of the mercantile ship a regular man-of-war. As an illustration of that, when the *Korea* and *Siberia* were built I went to Washington and went before members of the committee, consisting of naval officers, and asked them what they intended to have me do to bring the *Korea* and *Siberia* under the subsidy act proposed at that time. It was proposed that engines and boilers were to go under the water line; all the steam and water pipes and steering gear had to be put under the water line; in fact, I had so many things to do that we broke up the meeting and I expressed my opinion of their impossible requirements for a merchant vessel in rather forcible language, and said that I would build and operate the ships to fit our needs.

#### TRAMP ON OTHER THAN MAIL ROUTES.

In regard to the tramp. Suppose, for instance, you gave a mail subsidy to a line between New York and Liverpool, and then you subsidized a tramp steamer that also operates between New York and Liverpool, the result would be that those two lines would be in competition with each other, both bucking each other for the same class of commodities, and instead of building up and creating a great subsidized line your tramp steamer would be pulling down the very enterprise you were trying to build up. Therefore in framing a bill giving any assistance to the tramp steamer no assistance should be granted to such vessel when running on those routes served, and served properly under contract for mails and carrying both freight and passengers, by a regular mail line. But on all other routes or ports not served by the regular mail steamers, for all other cargoes carried, and for all other miles steamed, the ship should receive a bounty or a subvention, or a per ton mile rate, whichever way Congress may desire to render the necessary assistance.

I point this out because I think it is most important in considering the assistance to any American bottom that a clear distinction should be made between the assistance to the tramp steamer and the assistance to the mail steamer, and it should be so arranged that if these subventions are given the one shall not eat up the other or the one not come into competition with the other. If the tramp steamer wants to go into a certain port and take freight from the mail liner she is perfectly justified in doing it, but under such circumstances she takes the freight rates ruling out of that port or any its agents may quote and gets no subvention for such service.

## PROTECT THE REGULAR LINES.

Send the tramp steamers out where you want them to take freightage away from foreign bottoms to the outside foreign ports of the world not on mail routes. That is where we want to get in and need the assistance. We can build the steamers and put them on such service and get our fair share of the over-sea carrying trade of the world. The Government should not create the following conditions: Suppose a fairly lucrative business has been built up in connection with the steamers operating out of Puget Sound and their connecting railroads and they have no subvention and can not obtain one. Now, if I can get a subvention from the Government and I could get four or five men together and build a tramp steamer or two and say "Let us go into this particular business," I would simply be using such steamers to interfere with the regular line's traffic, when they should be seeking their freight in the markets of the world in ports which could not be served by the subsidized mail steamers; in other words, to hurt a line that has without any assistance built up and created a business of its own of great advantage to the contributory country which it serves. However, under the above circumstances, we should be able to go to the Sound and take on a cargo of freight with all freedom, but with the understanding that the Government gives no pecuniary assistance.

## NEED OF EXPERT COUNSEL.

With all due respect to your Commission, I do not believe that any committee constituted solely of members of Congress can frame a bill that would take care of this proposition, but that such a bill should be drawn up by a mixed committee; in other words, the committee should call to its assistance, and the bill should be framed by a committee composed of, members of the Senate, the House, naval officers, and commercial marine men, acting together and sifting out all of the immaterial data that has been collaborated for years and bringing together that which is best adapted to obtain the results desired. Not to say that here is a subsidy for a steamer of 3,000 tons, which must make 17 knots, when we know that no 3,000-ton steamer that makes 17 knots can carry any amount of freight and that could be adapted only to a certain specific service; but to arrange and frame a bill so as to assist the investment of American capital in ships that do not sacrifice space to speed or speed to space, and will make due allowances for the particular service on the routes on which the ship is to perform.

For instance, take into consideration that here is a service of 3,000 miles, or a service of 7,000 miles, or a service of 12,000 miles, and then say the Government will pay exactly the same subsidies for the service rendered by one ship in steaming the 3,000 miles, operating under the same coal consumption and under the same wages, practically filling herself with cargo three times, as the ship that has to steam 12,000 miles and can make but a single cargo delivery. Now, the injustice of that situation might not present itself to a committee composed solely of members of Congress; it would to commercial-marine men. The naval officer comes in that he may set forth, as far as practicable in merchant-marine architecture, the features that would best fit such a ship for naval needs in time of war.



## THE COST OF OPERATION.

Now comes the cost of operation of the vessels. The *Korea* and *Siberia* cost this company about \$3,400,000. The *Mongolia* and *Manchuria* cost about \$4,500,000. We have paid off on the indebtedness of the *Korea* and *Siberia* up to the end of the fiscal year June 30, 1904, \$2,700,000, so that there now remains owing on these two ships about \$1,300,000. We have not met any of the obligations on the *Mongolia* and *Manchuria*, except the interest account, which has been running since the beginning of construction. It may be of value to you to know that the interest account on both these ships now amounts to nearly \$400,000, and must be included in that cost when we figure the net income, if there be any.

We insure our fleet. We pay the insurance company a premium of \$260,916.76 per annum for the underwriting of the fleet, which must also be considered as an interest account to be earned, and the higher the cost of the ships the higher the cost of premiums. The *Korea*, *Siberia*, *Mongolia*, *Manchuria*, and *Algoa* are fully insured. The balance of the fleet are insured about 50 per cent by underwriters and the balance carried by the company. Nearly the entire amount of the premiums goes abroad because we have no underwriters in this country who can undertake to underwrite a fleet valued at about \$14,000,000. It is a very large risk, and it is absolutely impossible to place any such risk in this country; this money goes as a tribute to foreign mercantile interests. If we had a large mercantile marine under our flag underwriting would become a feature in this country—a means of investment and a source of revenue to our people.

## HIGHER CHARGES ALL AROUND.

Therefore, in this country we have a higher first cost of a vessel, higher rates of interest during construction; then, after the ship is completed, the higher rates of underwriting, higher rates of wages, cost of feeding, fuel, repairs, and all of these higher charges make it necessary for the Government to come to our assistance and put us on a level with all other protected industries in this country, and on a level with our competitors. The assistance required to place us on this level must be divorced from all political influence and emanate from and be based on national interest. The question of American labor, the sea education of the American boy, the desire to do and create everything at once; all these and other ideas must be set aside, the movement for a mercantile fleet stripped bare to the one fact—good ships, more ships, many ships—the other actual or implied interests can be cared for as we grow and know better our necessities.

I listened to some of the testimony that was given in New York before this Commission and heard your unsuccessful endeavors to ascertain from a gentleman operating a number of steamers what it cost to feed his crews. I was somewhat surprised that he should go before you unprepared on so important an operating feature. I also saw that the Commission was very desirous of ascertaining what was the actual cost of operating an American ship versus a foreign ship, and no one there seemed to be able to give any real accurate data.

The CHAIRMAN. One other point the Commission has been desirous

of getting as accurate information as possible upon is as to the relative cost of building ships in foreign countries and in the United States. Are you prepared to make a suggestion on that point?

WHY THE CONTRACT WAS GIVEN UP.

Mr. SCHWERIN. Yes, sir; later on. But before I leave the subject of the subsidy I should like to state the reason why we abrogated our contract under the act of 1891. From that I intend to go on and speak of the comparative cost of operation under different flags.

Under the contract of 1891 there was a speed requirement necessary, under which the ships were classified. Naturally every owner tried to make his ship go as fast as he could on the trial trips to obtain the highest class of speed rating, for this meant more money earned per mile. Our people put about 15 or 20 feet on the smokestack of each ship and ran them faster over the measured mile than I believe they ever ran before or since. This trial established the speed for each steamer, and when the mail contract was in effect this was the speed it was understood they had to perform. Some of the steamers were operating between here and Panama and some to the Orient, and on the first route they had some fourteen ports of call.

In Central American ports the commandante of the port when we were ready to sail would say, "We will not give you the dispatches until to-morrow," so we would not be able to get out until the next day. Then as we had lost time, the steamer would be fined for not being on scheduled time, and these continual interruptions of the schedule, coupled with the desire to comply with the terms of the contract, caused an enormous consumption of coal in order to make up for lost time. So in the end there was practically no premium coming to us from the Government. In fact, it was costing us more to perform the service than we received. The company was paying \$8.40 per ton for coal in Acapulco, Mexico, \$9 per ton in Panama, and \$6.20 in San Francisco. It is not hard to figure out where this road ended. We abrogated the contract and reduced the smokestack and went back to the normal speed the ships could make. It is without question that a ship can not make 11, 12, or 15 knots day in and day out unless originally designed for such speeds. The boilers will go to pieces and the engines will require heavy continuous repairs. We went back to the normal conditions and began to make money. This was the reason for canceling the contract.

FOR CARGO CARRIED.

Representative MINOR. Before you leave the question of the subsidy of the American tramp, to which you referred, let me ask on what basis would you recommend that this be paid?

Mr. SCHWERIN. For cargo carried. If you did not work for and get the cargo, no subsidy should be paid. The owner must work to get the cargo. In other words, I do not want to see the United States Government give one single dollar of the United States money except for an actual service performed. There would be no greater scandal than to appropriate money to merely tempt people to speculate in the shipping world.

WAGES, AMERICAN AND FOREIGN.

I have here, gentlemen, the statement of the comparative crew lists, showing the wages paid per month and per year on the steamers owned and operated by the Pacific Mail Steamship Company under the American flag versus competitive steamers operated under foreign flags, marked "A." First let me say that all of the amounts named in these lists are calculated on the basis of United States gold.

For instance, take the crew of the steamship *Acapulco*, a steamer of 2,572 gross tons, *v.* the British steamer *Palena*, of 2,553 gross tons, the latter at one time operating in opposition to us between San Francisco and Panama. This is a correct list of the officers and crew, and in this case shows that the monthly pay roll of the *Acapulco* is \$3,060. The crew of this vessel are all Europeans. (I will use the term "European" in speaking of the crews as distinguishing men of all nationalities composing a crew from one composed solely of Asiatics.) The *Palena's* monthly pay roll is \$1,585.86. The officers of this ship are all English and the crew Chileans. The total wages per annum of the *Acapulco* were \$36,720 and the total wages of the *Palena* \$18,430.32, making a total loss per annum operating under the American flag of \$18,289.68.

THREE TIMES GREATER.

The *City of Sydney*, of 3,017 gross tonnage, is compared with the Chilean steamer *Aconcagua*, gross tonnage 2,761 tons, showing in this case that the loss per annum of operating the *City of Sydney* under the American flag is \$26,173.44.

The CHAIRMAN. According to that statement the cost of operating an American ship is over three times that of a British ship.

Mr. SCHWERIN. Yes, sir; these are accurate figures.

Here is a comparative statement of the *Newport*, an American steamer operating between San Francisco and Panama, which has a gross tonnage of 2,735, *v.* the British ship *Linari*, of 2,647 gross tonnage. The loss per annum of operating the *Newport* under the American flag is \$15,311.04. In other words, our pay roll on the *Newport*, in round numbers, is \$35,000, and the pay roll of the *Linari*, \$20,000.

The next statement refers to the *Aztec*, a tramp steamer belonging to the Pacific Mail Steamship Company, built in England, for which we paid \$153,000, laid down in Panama, and which the American shipbuilders would not duplicate for less than \$225,000. She was eventually placed under the Hawaiian flag, and when the Hawaiian Islands became a part of the United States the American was substituted for this flag. She has been operating out of this port now for eight years. I am comparing her with the tramp steamer *Ramses*, of the Kosmos Line, which operates steamers between Hamburg, Germany, and San Francisco and Puget Sound via the Straits of Magellan. The *Aztec's* monthly pay roll is \$2,155. The monthly pay roll of the German steamer *Ramses* is \$878.75. The loss per month of operating the *Aztec* under the American flag is \$1,276.23. The loss per annum of operating her under the American flag is \$15,315.

Representative MINOR. Are these coasters?

## COMPETITORS IN SOUTH AMERICA.

Mr. SCHWERIN. The Kosmos Line sails from Hamburg by the coast of South America with a German cargo and along the Central American and Mexican coast to San Francisco and from here to Puget Sound. She reloads at Puget Sound and clears at San Francisco, taking on cargo for Mexico and Central and South American ports, and carries coffee and nitrates from Central American and Peruvian ports to Germany. The *Aztec* during the period in question was operating between here and Panama.

Representative MINOR. Our information, at least at the port of Tacoma, was that all vessels of that class are employing the same kind of labor. The captain of one ship I have in mind, an American ship—I do not care to name her—stated that there were no Americans aboard his ship except those who hold licenses and that he pays the same wages as were paid on foreign ships. He gave the wages paid to firemen, coal passers, oilers, and deck hands, showing that they were paying about \$7 a month, it costing about \$3 per month to board them. Now, if that be true, where does the difference come in? It will be interesting to explain to the Commission where this difference in the cost of operation comes in.

Mr. SCHWERIN. Of course I have not that gentleman's figures.

Representative MINOR. He gave them to us.

Mr. SCHWERIN. If you will tell me the name of the ship I may be able to explain it.

Representative MINOR. It was the *Tremont*.

Mr. SCHWERIN. Of the Boston Tow Boat Company. They are not running with an European crew; they are running with a Chinese crew, and, as the captain stated, the only Americans on board the ship are the licensed officers; the balance are all Chinese.

Representative MINOR. As he said.

## THE AZTEC AND THE RAMSES.

Mr. SCHWERIN. These two ships, the *Aztec* and the *Ramses*, have no Chinese crews on board. They are operating with European crews. We have all American licensed officers on the *Aztec*, and they have all German officers on the *Ramses*. We have a so-called American crew on the *Aztec*; they have a small number of Germans on the *Ramses*, and when they reach the first Chilean port they take on an entire Chilean crew.

Representative MINOR. I should think, considering the difference in the expense of operation, your entire crew must be Americans and that you are paying American wages.

Mr. SCHWERIN. Yes, sir; you are correct. Our crew are not American in the sense of being American born, for they may be of many nationalities of the world, but we are paying them the American wages out of this port—what is called deep-sea wages.

Representative MINOR. As against your competitor operating with Mongolians or Chileans.

Mr. SCHWERIN. There is no question about these statements; they can be sworn to. I am not giving you anything but hard, cold facts.

Representative MINOR. I do not question that.

Mr. SCHWERIN. There is nothing hysterical in these statements. As I said, they are hard, cold facts, against which we have to contend.

Representative MINOR. I suppose the tables show where the crews come from.

MORE SPECIFIC COMPARISONS.

Mr. SCHWERIN. No, sir. Continuing, here is an illustration of the relative pay. We pay the first assistant engineer on the *Aztec* \$90 per month; the *Kosmos* Line pay their assistant engineer \$50 per month. We pay the second assistant engineer \$80 per month; they pay \$37.50. We pay our third assistant \$70; they carry no third assistant. We pay our captain \$200 per month; they pay their captain \$125. Our chief engineer receives \$150; theirs \$82.50. We pay our first officer \$100 per month; they pay theirs \$65. We pay our second officer \$60; they pay \$42.50. We pay our third officer \$50 per month; they pay their third officer \$32.50.

Representative MINOR. What do you pay your firemen?

Mr. SCHWERIN. We carry six firemen at \$45 per month, a total of \$270. They carry six firemen at \$16.25 each per month, making \$97.50.

Representative MINOR. It is easy enough, then, to account for the difference.

Mr. SCHWERIN. We pay six coal passers \$35 each per month, making \$210; they pay three coal passers \$16.25 each, making \$48.75.

Representative MINOR. It has been claimed that here on the Pacific coast all ships not engaged in the coasting trade, that is, those going foreign, carry the same kind of crews; that there are no Americans in the crew below the licensed officers; that they are compelled to do that in order to compete with foreign ships, and unless they can do it no money can be made in the shipping business. There is some reason in that claim and I supposed, of course, that you did the same.

THE WAGES OF THE PORT.

Mr. SCHWERIN. That is true in the trans-Pacific trade, but not in the trade to Mexico and Central and South America. For instance, this ship might be carrying coffee between Central American ports and Panama. We would have to send her out of this port with a crew shipped here. We would have to pay that crew the deep-sea wages of the port. We would have to give her so many licensed officers, according to the Revised Statutes of the United States. For instance, we have got to go to sea with a chief and three assistant engineers, with a master and three deck officers; otherwise we would be unable to obtain our clearance papers. They go to sea with a chief engineer, a first and second. We have to have a chief, first, second, and third assistant. We pay American officers' wages, they pay German officers' wages, and yet both these ships go to Central American ports and compete for the carrying of coffee to Europe.

Our ship delivers the coffee at Panama to our connecting carrier, the Panama Railroad Company, thence to Colon to connect with the Atlantic European steamers, while the German steamer carries the coffee to Europe via the Straits of Magellan. Our first assistant engineer is not going to accept \$50 per month because the first assist-

ant engineer of the *Ramses* accepts that wage. He is going to demand and obtain \$90 per month, because \$90 per month is the wage prevailing out of this port for a first assistant engineer on American ships in the deep-water service. I do not care where he comes from, we can not get such an officer to go out for less than \$90 a month.

Representative MINOR. From an American port?

Mr. SCHWERIN. From this port.

Representative MINOR. The port makes the wages?

#### FIFTEEN THOUSAND A YEAR.

Mr. SCHWERIN. Yes, sir; the port makes the wages. The crew of the *Ramses* is shipped in Hamburg and Chile. Our crew is shipped in San Francisco. That is a remarkable difference to overcome, say \$15,315 per annum, when you consider that these two tramp steamers compete for identically the same business between the same ports, and, furthermore, that this competition does not take place out of an American port at all, but both compete for freight from Central American ports to Europe, as stated, one via the Isthmus of Panama, the other via the Straits of Magellan. Here is the case of the American steamship *China* versus the Japanese steamer *America Maru*—the *China* of 5,060 gross tonnage, the *America Maru* of 6,307 gross tonnage. The *China's* monthly pay roll is \$3,175.52. She has a Chinese crew. Later I will show what her pay roll would be if she had a European crew.

#### RUNNING SIDE BY SIDE.

As stated, the tramp steamer *Aztec* has a monthly pay roll of \$2,155, while the *China*, a large ocean passenger liner, has a pay roll of only \$3,175. The total wages per month of the Japanese steamer is \$2,709. The loss per month in operating the *China* under the American flag versus the *America Maru*, under the Japanese flag, is \$466.52; the loss per annum is \$5,598.24. These two steamers are running side by side on exactly the same route from San Francisco to the Orient. They run from here to Honolulu, then to Yokohama, Kobe, Nagasaki, Shanghai, and Hongkong, and back again, touching on some of the voyages at Manila; are absolutely under the same conditions as to route. Our captain receives \$250 per month; theirs, \$200. Our first officer, \$125 per month; theirs, \$100. Our chief engineer, \$175 per month; theirs, \$150. Our purser receives \$100; theirs the same. Our surgeon receives \$60; theirs the same. The latter men are shipped at this port and immediately they take men on at this port, the port's wages prevail and they must pay the same wages we do. Our second officer gets \$75; their second officer, a Japanese, \$55. Our third officer, \$50, and their third officer, a Japanese, \$40, and so on down the list. Your secretary will have a file of these statistics, which you can analyze at your leisure.

#### AN ALMOST FOURFOLD INCREASE.

Here is a table showing the comparative pay roll of the Norwegian steamer *Hero*, with a Norwegian crew, of 3,719 gross tonnage, *v.* the Norwegian steamer *Hero*, equipped with a crew paid the wages prevailing out of this port. That is, suppose we take that steamer and

put a so-called American crew on board and operate her under American owners, retaining the Norwegian flag, and compare her with the same steamer operating under Norwegian owners and the Norwegian flag. I have put on the *Hero* exactly the crew the United States law would compel us to carry on a ship of that character out of this port. This is a remarkable showing. Under the American owners the monthly pay roll would be \$2,340, whereas under Norwegian owners, as it is to-day, it has a pay roll of \$663. The total wages of the Norwegian ship under the American owners would be \$28,080 per annum; under her Norwegian owners they are \$7,956 per annum. The total pay roll of that ship per annum, which carries in the neighborhood of 6,000 tons of cargo, is only what the pay roll on the *China* would be for two months, even considering that the *China* carries an Asiatic crew and pays Asiatic wages.

SHIPPED FOR ROUND VOYAGE.

Representative MINOR. Now, here is my idea of your statement. I do not know whether I have it quite right or not. You start out of this port with the crew you are required to carry under the law. Your common sailors and firemen are paid American wages; you can not ship them for less than that. When you start that ship out of port that is the case, but how is it after it makes two ports and you start out of the third? Do you change it?

Mr. SCHWERIN. We do not. We have got to bring the same crew home, for they ship for the round voyage. The law will not allow us to leave our men at foreign ports unless the men themselves are willing to take their discharge, and we have not found that to be the case out of this port.

Representative MINOR. I am inclined to think that over in New York they make an effort to hire cheaper men and save money when they get abroad.

NO MEN TO BE OBTAINED.

Mr. SCHWERIN. They may be able to do that there, especially if they ship only from port to port. For instance, a crew can be shipped to Liverpool only and a new crew shipped there for the return voyage or for the voyage beyond, and then again the crew can also be shipped for the round voyage, as is done here. I have no doubt I would do the same if I had the same market of foreign sailors to draw on as they have in New York. For instance, the sailor men idle at New York practically supply the sailor market of the other larger Atlantic seaports. The conditions here are different. When we go to Central America there are no officers or sailors to be obtained. We try very hard to keep those on board who have been shipped here, and in the Orient I doubt if you could obtain 1 per cent of the men necessary in a European crew of say 150 to 200 men. For instance, when we take a ship out of here bound for Panama she is a passenger ship and must leave here with a full crew, according to the requirements of the local board of inspectors.

We carry freight to be delivered all along the coast of Mexico and Central America where we have ports of call. We run from port to port at night and work cargo during the day. There are practically

no inside harbors; the ships anchor in the ocean and lighters **take the** cargo from ship to shore, and vice versa. The crews are not **always** adequate to perform this continual stevedoring work, and **sometimes** at Acapulco we take on 8 or 10 Mexican laborers to help out in **handling** the cargo. These men will work from Acapulco to **Panama** and return to Acapulco, where we discharge them. They **are in** addition to the regular crew, and these men are paid the wages **out of** Acapulco, which are equivalent to about \$1 to \$1.25 gold per diem, in addition to which we feed them. They are not considered as **crew** proper; simply as extra laborers.

#### A VERY WIDE DIFFERENCE.

The illustration I have made here is a serious one. If the Pacific Mail Steamship Company should buy the *Hero*, which lies in **this** port to-day, she would cost us \$21,124 per annum for wages alone in excess of what the Norwegian owners have to pay, and it is with **such** conditions that the American owners have to compete.

Compare the pay roll of the *Aztec* with the Norwegian tramp steamer *Titania*—the *Aztec* of 3,508 gross tonnage, the *Titania* of 3,613. The *Aztec's* monthly pay roll is \$2,695, the *Titania's* \$614.12. The total loss of the *Aztec* per annum under American ownership would therefore be \$24,970.56.

Again I compare the *Aztec* to the British tramp steamer *Canterbury*—the *Aztec* of 3,508 gross tonnage and the *Canterbury* of 3,508 gross tonnage. The *Aztec's* monthly pay roll is \$2,695, the *Canterbury's* \$901.01. The loss per annum of operating the *Aztec* under the American flag *v.* the *Canterbury* is \$21,527.88. The *Aztec* was originally the *Canterbury*. We bought the *Canterbury* and renamed her the *Aztec*.

Here is a comparison of the pay roll of the *Aztec* on the route between San Francisco and Hongkong *v.* the British tramp steamer *On Sang* between the same ports. The *Aztec's* pay roll is \$2,695 per month; the *On Sang's* pay roll is \$1,054.71 per month, in this case showing a loss to the *Aztec* under the American flag of \$19,683.48 per annum.

#### COMPARING OFFICERS ALONE.

Here is a comparison of the pay roll of the *Algoa*, belonging to the Pacific Mail Steamship Company, operating between San Francisco and Japan ports, Manila, and Hongkong, of 7,575 gross tonnage, versus the *Arabia*, belonging to the Hamburg-American Packet Company, operating between Portland, Oreg., and Japan ports, Manila, and Hongkong, of 7,903 gross tonnage. Both of these steamers have European licensed officers and Asiatic crews. The monthly pay roll of the *Algoa* is \$1,557.22; the monthly pay roll of the *Arabia* is \$885.92, so the difference per month in favor of the German ship is \$671.30, or \$7,855.60 per annum. A comparison of this statement will show that this difference is largely made up in the rate of wages paid to the licensed officers on both ships. The *Algoa* is under the British flag, operated under American ownership, and her officers must have a British certificate, but they demand and obtain the same rate of wages on this ship as are paid to the licensed officers on Amer-



ican ships of this line, whereas the officers of the *Arabia* are paid the rate of wages that prevails on the German line out of their home port of Hamburg. This demonstrates the fact that the rate of wages of the port or of the line pertains not only to the crew, but to the licensed officers.

Representative MINOR. In questioning the captain of the *Tremont*, it was impossible for us to ascertain wherein the difference lay between running his ship and a foreign ship, except the pay to the licensed officers; everybody else was foreign fed. That is an American ship, and they were feeding their Chinese crews at \$3 a month when it cost \$16 or \$17 to feed Americans under a schedule of food provided by law.

Mr. SCHWERIN. In the case that I have just cited the statement, if you will compare it, would show that the difference in cost of operating these two ships, amounting to \$7,855.60 per annum, is due largely to the pay of the licensed officers, and to the smaller number of officers and crew carried by the foreign ship *v.* the American ship or a foreign ship operated under American ownership. I will give you later on some startling figures on the point that if any law were passed compelling us to carry solely European crews and pay the wages of European crews out of this port, the difference in running a ship like the *Tremont v.* a foreign ship would be so vast as to make it absolutely prohibitory.

#### THE CASE OF THE ALGOA.

I would call your attention to the comparison of the British steamship *Algoa* versus the *Argonia*, belonging to the Hamburg-American Packet Company, of 5,198 gross tonnage, which shows a difference in favor of the *Argonia* of \$7,123.80 per annum. This difference is caused by very much the same conditions as in the comparison between the *Algoa* and the *Arabia*.

The statement I now desire to call to your attention presents some very interesting features. It shows the comparative crew list of the *Algoa*, operated under American ownership with British officers and a Lascar crew, versus the *Algoa*, under British ownership, with British officers and a Lascar crew. The total wages per month under the American owners is \$1,473.80, under British owners \$1,037.65, or a loss per month under American owners of \$436.15, or a loss per annum under American owners of \$5,233.80.

The history of the *Algoa* is as follows: The Pacific Mail Steamship Company entered into negotiations for the purchase of this ship while under charter and in the port of San Francisco. Negotiations were closed and ownership transferred while she was on the high sea between San Francisco and Yokohama bound for the latter port. When the ship arrived at Yokohama and the officers and crew found that the ownership had been transferred, they cabled back that they were willing to stand by the ship, provided we gave them the same wages that we gave to the licensed officers on the American steamers of the line. These men were under a shipping agreement with the original owners to be returned to London at the expiration of a certain period in the *Algoa*, or, if the vessel was sold, they were to be returned to London with pay and at the original owner's expense.

In the transfer of ownership the Pacific Mail Steamship Company assumed these obligations. Therefore, when the officers made this proposition, it was either compulsory for us to obtain a new set of officers with a British license, paying the wages and expenses of the transfer of the old set to London, or submit to the cable demand.

#### A THOUSAND A MONTH.

As this vessel is a very large one and had broken her shaft twice on account of bad handling, we deemed it advisable to retain the officers who were familiar with the peculiarities of the ship, and I cabled back, "Will pay the same wages paid on our other steamers." There was a Lascar crew on the ship whose yearly contract was not complete, and therefore this crew had to remain with her. At the expiration of this contract of the Lascar crew we returned them to Calcutta and substituted a Chinese crew, and I now show you a statement giving a comparison of this same ship, the *Algoa*, under British ownership and British officers and a Lascar crew *v.* American ownership with British officers and a Chinese crew. In this case, under the Chinese crew, the pay roll increased from \$1,473.80 per month to \$1,610 per month, so that with the Chinese crew *v.* the Lascar crew there was a loss in the substitution of these crews of \$6,868.20 per annum. Therefore, in a ship of the *Algoa* type, under British ownership with British officers, British wages, and a Lascar crew, operated against a ship of the same type under American ownership, with British officers and a Chinese crew, there would be a difference in wages per annum of \$12,102.99.

I give you this illustration to show you how these combinations can be made up. The British owners operating their ships are bound by British wages. In the first case cited the changing of the officers from British to American pay increased the pay roll \$436.15, the crews remaining absolutely the same. If we changed her Lascar crew to a Chinese crew, her pay roll is increased again \$572.35.

#### NO REAL AMERICAN CREWS.

Now, if we take the same ship and compare her under American ownership with British officers receiving American wages and an Asiatic crew with the same ship under American ownership with British officers receiving American wages and a European crew, we find that the total wages per month in the first case amount to \$1,557.22, in the second case to \$3,460, a total loss per annum operating with a European crew of \$22,833.36, and, if necessary, from this statement you can make a further comparison with the ship with British officers under British pay and a Lascar crew, which shows that the loss operating with a European crew per annum would be \$29,068.20, so that if a law were passed compelling us to carry an all-European crew (and I maintain that there is no such thing as an American crew, that it is a misnomer), we would have had to pay to foreign sailors, not American (for there are practically none), with American money a pay roll of \$29,068.20 per annum advance over the Lascar crew in order to have the privilege of placing these foreign sailors on board that ship and competing, say, with a vessel operated

under British ownership, British officers, and the cheapest crew (that is, Lascars) that the British owners could obtain on the face of the earth.

CHINESE OR EUROPEAN?

Now, I come to an interesting question, which is, in my opinion, one of great moment on this coast, and that is the employment of Chinese crews. I have here a comparative statement of the cost of operating a ship with European officers and an Asiatic crew *v.* the cost of operating the same ship with a total European complement. I have applied this comparison to each one of our trans-Pacific liners.

First, the *China*, a trans-Pacific passenger boat of 5,060 gross tonnage. I will designate the crew composed of European officers and Asiatics as a mixed crew *v.* a crew composed entirely of Europeans as a European crew. The *China's* monthly pay roll with a mixed crew is \$3,175.52, with a European crew is \$6,715, so that the loss per annum operating with a European crew only would be \$42,743.76.

Secondly, the *Korea* and her sister ship, the *Siberia*, of 11,284 gross tonnage. The total wages per month with a mixed crew amount to \$5,086.03, with a European crew to \$11,050.25. The loss per annum operating with a European crew only would be \$71,570.64.

Third, the *Mongolia* and her sister ship, the *Manchuria*, of 13,300 gross tonnage. The monthly pay roll with a mixed crew is \$4,863.62, with a European crew, \$10,075.25. Her loss per annum operating with a European crew would be \$62,538.36.

WHY CHINESE ARE USED.

Now, gentlemen, you can see why we use a mixed crew. I think it would be well for everybody to understand this situation. People have labored under the impression that we were antagonistic to American labor and that we had something to hide and that was our reason for using Chinese sailors, but the situation is just this: We are in competition with other flags on the Pacific Ocean, taking the same class of cargo carried by these ships, and we are out to live and make dollars and cents. No shipper will pay us any more freightage for services performed on a ship with a European crew than on one served by a mixed crew, and we must hark back again to the old saying that "An employer can pay its employee for services rendered only according to the price paid for the commodities he sells," and if we can obtain no better rates with a mixed crew than with a European crew, we can not pay the wages demanded by the European crew.

Representative MINOR. It seems as if there were a good deal of patriotism in it. When we go aboard a steamship up here in the Sound, operating on the same route and practically the same ship, we find that the pay rolls are no greater than they are on a foreign ship, except the difference in the pay of the officers, and then come down here and find that your pay roll exceeds those of foreign ships so much, there must be some patriotism or business in it somewhere. I do not doubt your statement at all. I know, of course, that it is true, but I can not get hold of it.

Mr. SCHWERIN. I do not want to have anything misunderstood. I do not think I understand your proposition.

THE TREMONT'S MIXED CREW.

Representative MINOR. We went aboard the *Tremont*, and afterwards the captain came before the Commission and we questioned him on the matter of wages. He said that practically the whole crew were foreigners—that is, Chinese.

Mr. SCHWERIN. What we call a mixed crew.

Representative MINOR. They are paid Chinese wages, except the officers, of course, who have to be American citizens; and we could not find any place where more was paid to the crew than if she had been a foreign ship, except the difference that is paid to the master and other officers.

Mr. SCHWERIN. He was quite correct.

Representative MINOR. It seems to me that if you adopted the same policy—

Mr. SCHWERIN. We have the same policy absolutely. I have only begun on the Chinese question. All the ships that I have been discussing previously are on the Panama line and have had European crews.

Representative MINOR. They are mixed crews?

Mr. SCHWERIN. I have just commenced speaking of the Chinese crews, or mixed crews.

Representative MINOR. All right, then; I shall not interrupt you further.

SHOWN IN DETAIL.

Mr. SCHWERIN. I shall endeavor to make myself clear to you. On all these British and American ships that I have compared, except where I have specifically called attention to the mixed crew, the entire complement were so-called Europeans. The statements constituted a comparison of the wages paid out of this port to European crews or to white crews versus the wages paid to crews shipped in Europe and operating out of this port, and this condition is all shown in detail in the statements which I will submit to your secretary, Mr. Marvin.

I commenced to make a comparison of the *Algoa*, under British ownership with British officers and a Lascar crew, versus the *Algoa*, with British officers under the Pacific Mail pay with a Lascar crew versus British officers on Pacific Mail pay with a Chinese crew. Do you wish that I should again make the comparison?

Representative MINOR. We will now see how that will come out. I think I can understand it better now.

Mr. SCHWERIN. I have already given you that statement, which you will find here, and I have followed the statement with the *China* and other ships. I will go back again if you so desire me.

Representative MINOR. Oh, never mind.

CHINA AND SHAWMUT.

Mr. SCHWERIN. It might be well to compare the *China* and the *Shawmut*. The *China* is operating exactly the same as the *Shawmut*. She has American officers and a Chinese crew. We pay the same wages for the Chinese crew that they are paying. We pay our officers out of San Francisco, on account of the *China* being a higher

type of ship than the *Shawmut*, higher wages, I think, than they pay. Now, if on the *China* we should substitute for this Chinese crew a European crew, the difference in wages per annum would be \$42,473.76. It would not be so much on the *Shawmut*, as she is of the freighter type of ship, of lower speed, and carries, therefore, a smaller crew.

Representative MINOR. Certainly I can understand that that would be the case.

THE HEAVY COST OF EUROPEAN CREWS. •

Mr. SCHWERIN. In other words, if the law said that every American ship must carry a European crew—that is, that we could not carry a crew of any other kind, Lascars, Chinese, Japs, or any nationality except the Europeans—and must pay gold wages, debarring all Orientals, who are paid silver wages, until there were enough children born and trained in this country to become American sailors, if it were possible to continue the operation of this ship (the *China*) under these conditions, we would have to operate her at a loss of \$42,473.76 per annum in wages alone, and this money would go to citizens of Europe or other foreign countries. I understand it has been stated by officers of the Sailors' Union of the Pacific coast that over 90 per cent of their union on this coast are not citizens of the United States. Am I clear to you now?

Representative MINOR. Perfectly clear.

Mr. SCHWERIN. Then, taking the *Siberia* with her mixed crew, operating to-day, her monthly pay roll is \$5,086.03. If this were changed to a European crew, it would be \$11,050.25, an increased cost per annum of operating with a European crew of \$71,570.64.

In the case of the *Mongolia* the substitution would make an increased cost per annum of \$62,538.36. The *Mongolia* and *Manchuria* are the same and are larger ships than the *Korea* and *Siberia*, but the horsepower is less and they require fewer men in the engineering force.

RUNNING TO PANAMA.

The CHAIRMAN. Mr. Schwerin, I wish to ask you one question. You take the American steamship *Sydney* and the Chilean steamship *Aconcagua*. The Americans pay \$38,760 per annum and the Chileans \$12,586.56, the American figures of course being more than three times those of the Chilean. Perhaps I have not followed you very closely, but do you mean to say to this Commission that you are actually paying those figures at the present time on American steamships?

Mr. SCHWERIN. Yes, sir; those figures are taken from our actual pay roll.

The CHAIRMAN. And you are carrying full European crews?

Mr. SCHWERIN. Yes, sir.

The CHAIRMAN. Why do you carry full European crews?

Mr. SCHWERIN. The *Sydney* is operating between here and Panama and can only obtain that class of men. That is the case also with all of our ships operating between here and Panama.

The CHAIRMAN. That settles the question. I did not observe that.

Mr. SCHWERIN. If we could put an Asiatic crew on board, we would do it in a minute.

The CHAIRMAN. And these great discrepancies occurred between here and the port of Panama?

Mr. SCHWERIN. Yes, sir. The other ship compared was carrying a Chilean crew shipped in Valparaiso and paying them in silver money, our ship carrying a crew shipped in San Francisco and paying them United States gold. The wages of the port prevail in each case. The wages in Valparaiso were not only lower, but they were paid in silver.

The CHAIRMAN. I understand. I thought it was to a foreign port. I did not notice that the port is Panama.

Mr. SCHWERIN. The statement says "the *Sydney*, operating between San Francisco and Panama" and "the Chilean steamer *Aconcagua*, operating between Valparaiso and Ocos." We are running in opposition to each other on the Central American coast to the port of Panama.

#### CHINESE CREWS MUST BE LARGER.

Representative MINOR. What is the difference in the number of men necessary on board ship between a trained American crew—such a crew as you would like to have, all things being equal—and a Chinese crew? With an American crew how many fewer men in number could you get along with on board these ships? Have you ever considered that question?

Mr. SCHWERIN. Oh, yes; it is all in these statements.

Representative MINOR. Probably it is not given in detail.

Mr. SCHWERIN. In the comparative statements relating to the mixed crews we have reduced the number of men shown by the number it would be necessary to substitute for Chinese crews, so that the figures are based, not on the actual man-for-man substitution, but the substitution of the actual number of men of European nationality required to perform the duties of a specified number of Chinese crew. In other words, a Chinese fireman can take care of a certain number of fires. A husky German can take care of a greater number. I could not expect a Chinese fireman on the *Mongolia* to perform exactly the same amount of work as a good German fireman.

Representative MINOR. Would there be a difference of about 25 per cent?

#### NO DIFFERENCE IN DECK FORCE.

Mr. SCHWERIN. No; a difference of 8 or 10 per cent. This only applies to the firemen force, not to the deck force. On deck we are regulated more by the number of lifeboats carried and the amount of cleaning and paint work to be cared for, and all of that character of work in the upkeep of the hull of the ship. A Chinaman can keep as good a deck watch and do as full an amount of work on deck as a man of any other nationality, and he does it better, because he does not require any one standing over him to see that the work is performed properly. When it comes to the deck force, the law requires us to carry a certain number, and this regardless of nationality, and we could not cut down the deck force to any extent on account of the large area that must daily be gone over and kept clean. If the question is asked, "Will a Chinaman give as good a day's work in a deck force as any other nationality?" I would say that they are more effective than a European sailor—and I know our captains would bear

me out in this statement—as being most competent sailors, both fair weather and foul.

To follow up this question, here is a still more interesting statement pertaining to the feeding accounts. I hope I am not boring you with too many statistics, gentlemen. I will stop if you say so.

The CHAIRMAN. Proceed, Mr. Schwerin; the statements are very important.

Representative MINOR. They are very interesting.

#### THE COST OF FEEDING.

Mr. SCHWERIN. I have here a statement showing the cost of feeding officers and crews on Pacific Mail Steamship Company's steamers, Panama Line, operating with European crews only. This is on page 3 of miscellaneous statements. It covers the complete number of ships operated on the Panama Line, giving the number of the crew on each ship, actual cost of feeding per day, what the cost would be of feeding according to the Government regulations, the actual cost per annum, and the actual cost per annum if fed according to Government regulations. It shows that the average cost of feeding crews per day is \$356. The cost based on the Government regulations would be \$259.92, a difference of \$96.08. The actual total cost of feeding the crews per annum is \$129,940, and under Government regulations, if we measured out the food according to Government requirements, it would be \$94,770.80.

#### BETTER THAN THE GOVERNMENT.

Representative MINOR. Then you furnish a better schedule than the Government?

Mr. SCHWERIN. To the extent of \$35,069.20 per annum. Connected with this, we will refer to the statement showing the cost of feeding officers and crew on the Pacific Mail Steamship Company's steamers of the trans-Pacific Line, that is, mixed crews, Europeans and Asiatics, *v.* European crews only. The actual average cost with the mixed crew per annum is \$90,563.10. The cost of feeding the crews if Europeans were substituted for Asiatics now employed would be \$216,218.40, showing an increased cost per annum of \$125,655.30. You will please note that in the column under the heading "Number of crew" against each ship there is a considerably smaller number called for in the European crew than where specified to be an Asiatic crew. Now refer to page 11 of miscellaneous statements. We have the comparative cost comparing the trans-Pacific steamers with mixed European and Asiatic crews or mixed crews *v.* European crews, which combines the increased cost of wages and feeding, showing the increased cost of operation both from the increased cost of wages and feeding of the European crew *v.* the mixed crew.

#### A DOUBLING OF COST.

This statement shows that the total wages and feeding of mixed crews on the trans-Pacific line amounts to \$367,316.64; that if Europeans were substituted for Asiatics the total of wages and feeding would cost \$803,810.40, or an increased expense per annum of

\$436,493.76. The statement shows in detail for each ship and is well worth studying when the question of forcing the substitution of so-called American crews on American ships is brought to your attention and consideration. This enormous increase in operating expense alone will have to be overcome, not considering any other conditions on the American ship, in order to enable her to compete with foreign bottoms in the trans-Pacific trade allowed to ship their crews in any port of the world. For this shows if we substitute Europeans for Asiatics and feed them at the same cost as we are feeding European crews on the Panama line, the pay roll will increase on the trans-Pacific line from \$276,900.24 to \$587,592, and the cost of feeding will increase from \$90,416.40 to \$216,218.40, or the total from \$367,316.64 to \$803,810.40, an increase, as I have stated, then, on these five steamers forming the trans-Pacific line, of \$436,493.76.

#### MIXED CREWS INDISPENSABLE.

Gentlemen of the Commission, is it to be wondered at that we take mixed crews, who render us most excellent service, at this difference in the cost of wage and feeding? When I consider the work you have before you and know that these stated conditions exist, I fully recognize the Commission has a most difficult task to reconcile the many conflicting interests of the different geographical seacoasts of this country, for what might be eminently proper on the Atlantic will not permit the shippers of the Pacific to meet the competition of foreign bottoms carrying mixed crews.

On page 8 of miscellaneous statements you will find statistics showing the rate of wages paid out of the port of San Francisco on steam schooners and sailing ships. I believe that other gentlemen have presented this condition pretty well, but I prepared this statement as I did not know that anyone else would. But I desire to call your attention to the fact that the captain of the American tramp steamer *Robert Dollar* receives \$150 a month. I think, Mr. Dollar, that I am correct?

Mr. DOLLAR. That is correct.

#### WAGES OUT OF SAN FRANCISCO.

Mr. SCHWERIN. The first officer receives \$90; the chief engineer, \$150; the second officer, \$75; eight seamen, \$360; the first assistant engineer, \$90; the second assistant, \$75; two oilers, \$90; four firemen, \$200; one cook, \$70, and two waiters, \$30 each.

On the American sailing ship the *Governor Robie* the captain receives \$125; the first mate, \$55; the second mate, \$40; the carpenter, \$40; ten seamen, \$250.

On the American sailing ship the *William P. Frye* the captain receives \$150; the first mate, \$60; the second mate, \$45. On the sailing ship *W. G. Irvine* the captain receives \$100; the first mate, \$60; and the second mate, \$50. You will note from these rates of wages that they vary on different American ships out of the same port, and while it is an old and true saying that "port wages prevail," investigation discloses that there are different ships out of the same port, under the same flag, which pay different wages.



## TWICE THE FRENCH RATE.

On this subject I have included a pay roll of the French bounty sailing ship *General de Boisdeffre*. The captain receives \$45; the first mate, \$36; the second mate, \$18; the carpenter, \$14.40, and she carries 12 seamen, who receive \$172.80. The cook receives \$17.10; the first boatswain, \$19.80, and so on, showing by comparison between the monthly pay roll of the *William P. Frye*, 3,374 gross tonnage, and the *General de Boisdeffre*, of 2,307 gross tonnage, that the crew of the American ship receives \$810 and the French \$383.40, or a difference per month of \$426.60. In other words, the crew of the American ship receives more than double the wages paid to the crew of the French ship, and, in addition to this, the French ship receives a bounty. Is it surprising that the American flag is disappearing from the ocean?

Now, Mr. Dollar does not pay his captain on the *Robert Dollar* \$150 because he wants to; he would not pay his captain more than \$45 if he could get one that was competent at that rate and if the captain was content to work for such a wage. It does not follow that because a captain wants more than \$45 he must receive it. That has nothing to do with it. It is the wages of the port or of the flag that govern for the crew, the engineer, and the officers, as well as the wages of any particular city govern for the laboring class or the mechanic. It is a well-known fact that the wages of the latter class in San Francisco are higher than the wages paid in some of the cities in the East, and men will not work here for the same wage they are content to receive in such eastern cities. Sailor men of all classes will demand the wages of the port; and if the employer can afford to pay those wages and still have something left, he is going to pay them because he has to, and the officers and crew will have employment; otherwise the ships must lay up.

## THE CASE OF THE VICTORIA.

May I call your attention to the anomalous situation that existed on the British ship called the *Victoria*, since lost? She was purchased by some American. When the ship was purchased the captain's wages were £18, the first officer's £12, the second officer's £10, the chief engineer's £16, the first assistant engineer's £12, the second assistant engineer's £10 per month. These were English wages. Immediately after the purchase the captain came to the owners and pointed out that there was an American steam schooner of about 235 tons register lying alongside of his steamer, the *Victoria*, having a capacity of about 3,400 tons; that the steam schooner belonged to the same owner, and the officers of it were receiving wages far in excess of those paid on his vessel; that the captain was receiving \$150 per month, while he was getting but \$90 on a steamer of more than fourteen times larger carrying capacity.

In other words, he had found that another man on board a vessel lying alongside of his boat and of much smaller capacity, belonging to the same owners, was getting \$150 a month, or \$60 more than he was receiving with greater responsibility, and of course he kicked—he naturally kicked—and in consequence of his kicking he received an increase to \$150 per month and his officers had their wages raised accordingly. If his request or demand had not been complied with, he

and his assistant officers would have quit. He would not have gone out in his vessel if he had been offered, say, \$100 per month, or \$125. He demanded of the owners exactly the same wages they were paying to the master of the smaller American steam schooner. While he and his assistant officers were perfectly content with the smaller wage they received from the former owners, they would not entertain the same rate of wage when the vessel passed to the American owners.

I now come to the very interesting question, in view of what has been said on American crews and of what constitutes a so-called "American crew" in American ships, and I wish to take issue with anyone who says that there are any (excluding licensed officers) American crews that go to sea to-day in any ships that fly the American flag.

#### AS TO "AMERICAN CREWS."

This statement shows the percentage of Americans and foreigners on vessels of the Pacific Mail Steamship Company. In the deck, engineer's, and purser's department, officers and crew, it shows that the total officers and crew, excluding Orientals, number 958, and of these there are 348, or 36.3 per cent, born in America, and 610, or 63.7 per cent, of other nationalities. It shows that of the crew of the deck department 85.4 per cent are foreigners; that in the engineer's department, 86.4 per cent; in the purser's department, 74.4 per cent.

This statement is made from the shipping lists furnished by the United States Shipping Commissioner of our steamers and covers solely the European portion of the crews, eliminating all Asiatics from the crews of the ships that carry mixed crews. The figures were taken for a period of six months without any idea as to how the percentages would work out. They show the nationality of all of the men carried on each ship. It shows that we carried during this period in our crews Americans, Australians, Austrians, British, Belgians, Canadians, Central Americans, Chileans, Colombians, Danes, Frenchmen, Germans, Greeks, Hollanders, Indians, Italians, Japanese, Mexicans, Norwegians, Portuguese, Panamans, Peruvians, Russians, Spaniards, Swedes, Swiss, South Americans, West Indians, and I find also there is one in the purser's department of one ship who was born in Guam.

#### UNION SAILORS CHIEFLY ALIEN.

Representative MINOR. The foreigners were naturalized, I suppose.

Mr. SCHWERIN. I do not know as to that. We never consider that feature so far as the crew is concerned. I do not know of anybody who can get that information regarding the nationality of a merchant-ship crew, as it is not required by law. As I have mentioned before, it is said that over 90 per cent of the members of the Sailors' Union, operating in the various crews on this coast, are not naturalized citizens.

Representative MINOR. I have not found anyone who could answer on that point.

Mr. SCHWERIN. From the statement, taking the steamer *Acapulco*, versus 97, there was a total of 14 Americans, 21.1 per cent, and 52 foreigners, or 78.9 per cent. On the *Aztec*, versus 6, there were 8 Americans, or 19½ per cent, and 33 foreigners, or 80½ per cent.

THE "AMERICAN CREW" IN POLITICS.

Mr. LORENTZEN. Does that include officers?

Mr. SCHWERIN. Yes, sir; it shows on the *Aztec* there was 1 American officer in the deck department and 2 in the crew. In the engineer's department there were 4 American officers and 1 in the crew; making a total of 8 Americans among the officers and crew, or 19.5 per cent. There were 4 British, 2 Colombians, 1 Dane, 1 Frenchman, 3 Germans, 5 Greeks, 4 Mexicans, 1 Peruvian, 4 Russians, 2 Spaniards, 2 Swedes, 1 South American, 3 West Indians in her complement. That was her crew that mistaken philanthropic people are inclined to call a good American crew, the American crew we hear so much about in politics and in the free discussions on this very important but very much mixed question. It seems to me that the question is even more mixed than the crew.

Here is the crew of the *China*, versus 68. She carries a mixed crew, but the Chinese members are eliminated from this statement. The number of Americans is 18, or 54.4 per cent; the number of foreigners 17, or 48.6 per cent. Bear in mind that these are reckoned outside of the Chinese crew. It shows that where we carry a mixed crew we also carry a foreign element. In other words, in her complement she has a total of 35 of what we have called Europeans. Of these there are 51.4 per cent American born and 48.6 per cent foreign born. On the *Colon*, versus 54, there were 21 Americans, or 31.6 per cent, and 45 foreigners, or 64.4 per cent.

ON THE TRANSPACIFIC LINERS.

On the *Korea*, versus 8, there were 41 Americans, or 73 per cent, and 15 foreigners, excluding Chinese, or 27 per cent.

On the *Korea*, versus 9, there were 64 per cent Americans and 36 per cent foreigners, excluding Chinese. You will note how the foreigners vary in percentage from voyage to voyage.

On the *Mongolia*, versus 1, there were 67.3 per cent Americans and 32.7 per cent foreigners, excluding Chinese. There were 3 American officers in the deck department and 4 Americans in the crew of the deck department. In the engineer's department there were 9 American officers and 13 in the crew. In the purser's department there were 4 American officers and 4 in the crew, making a total of 37 Americans. Outside of 1 Australian, 1 Canadian, 1 German, and 1 native of the Hawaiian Islands, and the 37 American officers and crew before mentioned, the other 14 were of British birth.

I have made up these statistics covering the period of six months showing the actual crews of steamers in operation, so that you may have an opportunity at your leisure to study just what actually comprises before the United States Shipping Commission the so-called American crews, and these statistics, I will add, are practically a résumé of the class of people that ship year in and year out.

FROM OFFICIAL PAY ROLLS.

I have also made up this statement under the title of "Miscellaneous crew lists," showing the actual crews and actual pay rolls, giving the actual wages of every man on each of the steamers of the Pacific

Mail Steamship Company, as well as those of the *Doric*, the *Coptic*, and the *Gaelic*, belonging to the White Star Steamship Company of Liverpool, England, and chartered to the Occidental and Oriental Steamship Company, an American company operating these British steamers; and also the pay roll of the *Sonoma*, an American steamer belonging to the Oceanic Steamship Company, an American Company operating between this port, New Zealand, and Australia, so that you can see just exactly what is paid, and these are official pay rolls which are at your disposition.

Gentlemen, I do not desire to take it upon myself to point out a way to find a means of relief for this situation, but I do say you will never find a way to meet the situation unless it is by the cooperation with your Commission of the practical steamship and business men who have to handle this particular business with or without Government aid.

#### THERE MUST BE COOPERATION.

I do not believe that any cold-blooded bill can be framed by unskilled men that will meet the varied conditions on the two oceans and in the different ports of the world. I do believe that a bill could be framed that would tend to create an interest in American shipping and build it up, if you work along the line of progressive subsidies rather than along the line of decreasing subsidies. The Government aid should be extended less the first, more the second and the third and the fourth and the fifth, and so on up to the end of the period, rather than reduce it, as has been done in other countries.

In other words, as the enterprise becomes larger and the expense of operating greater, the greater would be the benefit derived from Government aid, and it is most essential that the first interest to be directed to marine investment must be capital. If by Government aid we are successful in this, then in the building of ships, in economical operation, by industry, we will increase our mercantile marine by many ships which will never ask for or receive Government aid, through the very spirit of American enterprise.

#### WAGES THE GREAT FACTOR.

The Senator asked me a little while ago about the cost of construction in the American shipyard. The American shipyard is not a cheap shipyard to build in. This is not because the American builder is not just as desirous to work as economically here as they do abroad, but because he can not. Labor enters very largely into the item of cost of construction of a ship. Raw material is a secondary consideration, but the labor outside of the shipyard that fashions the raw material into plates and shapes the other accessories that go toward the completion of this most complicated fabric has all got to be reckoned with in the final cost of construction. The labor will amount to at least 75 per cent of the cost; the material should no exceed more than 25 per cent.

#### A TEST OF REPAIR COST.

As to the comparative cost of work in the shipyards of this country versus those abroad, I would call your attention to the case of one of

our ships which was unfortunate enough a short time ago to go on the beach off Point Benito, coming into the harbor of San Francisco, and received serious damage. Foreign underwriters have claimed that this is an unfair port in that its shipyards take advantage of marine disasters to make the underwriters pay dearly for the cost of repairs. They have complained that when work was done for their account they have been compelled to pay more for it than a shipping firm would have had to pay. In this case they asked me to obtain tenders from all of the shipyards on the Pacific coast and I complied with their request. We received bids from Victoria, Puget Sound, and San Francisco. The highest bid was from San Francisco, amounting to about \$108,000, and the lowest bid was from Victoria, about \$42,000, and this would show that they had some reason for complaining.

Representative HUMPHREY. What was the first?

A QUESTION OF DOCKAGE.

Mr. SCHWERIN. One hundred and eight thousand dollars in San Francisco. The lowest bid in San Francisco was about \$93,000. I learned that the British naval authorities, in order to obtain that job for Victoria, offered the use of the naval dry dock at Esquimalt for about \$6,000, whereas the dockage at this port of the same ship was over \$35,000. By getting the San Francisco people interested in this particular class of work together and showing them what it meant to this port if the work went away, the lowest bid from San Francisco was modified so that the cost was fixed at about what the cost would be in Victoria, plus the cost of taking the ship from San Francisco to Victoria and returning her to this port. I do not suppose that the job was taken here at a loss.

FIRST COST AND INTEREST.

(As we can not get our ships built cheaply in America, we are not only compelled to pay the large first cost, but from the very day the first payment is due at the signing of the contract, the interest account commences and runs along until the final delivery of and payment for the ship. If you are building a vessel costing \$2,000,000, covering a period of two or three years, you will have a large interest account to add to the first cost. If you can build such a ship in England for \$1,200,000, you will save not only \$800,000 in the first cost, but a very large interest account which must be considered in the final cost of that ship, and when the final cost is less you can arrange for a smaller depreciation charge per annum, a smaller amount for underwriting, and obtain a larger gross revenue on the capital invested on the British-built ship over the American-built ship.

The CHAIRMAN. I asked you the question as to the comparative cost of building ships here and abroad for the reason that we have had a great discrepancy of testimony on that point. I think it is safe for me to say that it has ranged from 35 per cent to 60 and 65 per cent. The Commission is very desirous, if it is possible, to get approximately the difference in cost. We do not expect that it can be given accurately, but approximately. For that reason I asked you the question.)

## ADVANTAGES OF THE BRITISH FLAG.

Mr. SCHWERIN. Senator, I have been in the British market for the last five years, from time to time, as to the cost of building ships there, in order to get a comparative idea as to what it would cost us to obtain British vessels, as we have considered putting our present American fleet under the British flag, and also obtain additional vessels in the British market, for at times we grew tired of the interference with the operation of our vessels in this port by labor agitators and misguided people who felt that they understood how we should conduct our business and attempted to influence legislation accordingly. I am operating a company, called the Occidental and Oriental Steamship Company, of British vessels belonging to the White Star Company, of Liverpool, England, and I find we get along much more easily under the British flag than under the American flag. We have no labor trouble on these ships and we are not continually pestered by labor agitators and their influence upon the Federal departments.

## THE PERU AND THE CHINA.

[ To go back to the cost of the ships. The *Peru* was built by the Union Iron Works in San Francisco and about the same time we were building the *China* in England. The *Peru* cost about \$650,000, the *China* about \$760,000. There is no comparison in the intrinsic value of these ships in the sea-carrying trade, either in earning capacity or in economy or as a favorite with the traveling public. The *China* is immeasurably the superior ship, and I should say of three times the value to the Pacific Mail Steamship Company that the *Peru* is. This is not the fault of the Union Iron Works. They built the ship as called for by the managers of the Pacific Mail Steamship Company at that time, and the fault lies with the people who designed and compelled the Union Iron Works to build in the nineteenth century what might be called a sixteenth century ship. If the *Peru* had been designed in all respects similar to the *China*, she would have cost in this country at that time not less than \$1,100,000.

## THE KOREA AND SIBERIA.

When the construction of the *Korea* and *Siberia* was under discussion we had bids from three large shipyards in Great Britain and from the Union Iron Works and the Newport News Ship Building and Dry Dock Company in this country. The design at that time called for ships 525 feet between perpendiculars. This was in 1895. The lowest bid we had in England for these ships was \$800,000; the highest was \$1,200,000. The Union Iron Works' bid was \$1,350,000; the Newport News Dry Dock and Ship Building Company's was \$3,563,000 for both. We afterwards changed the dimensions from 525 feet between perpendiculars to 550 feet and 570 feet over all, and increased the speed, and the contract was arranged with the Newport News Dry Dock and Ship Building Company to construct the ships, to cost not to exceed a specified upset price. With extras and interest account, these ships stand on our books at \$3,838,057.99, or \$1,999,028.99 each.

The CHAIRMAN. Allow me to ask you just one more question. Do you understand you to say that the lowest responsible bid in England was \$800,000?

Mr. SCHWERIN. Yes, sir.

The CHAIRMAN. And the bid of the Union Iron Works \$1,350,000?

Mr. SCHWERIN. The best bid in England was \$1,200,000.)

THE MATTER OF SPECIALIZING.

The CHAIRMAN. You say the best bid. You mean the highest bid?

Mr. SCHWERIN. Yes, sir; the specifications called for a high-type passenger steamer, and while one firm bid \$800,000, and they had a good reputation for building ships, this firm had never tackled such a large and high-class passenger ship, and perhaps had underbid the other bidder, who were people thoroughly experienced in this class of construction. It is a well-known fact that yards in different parts of England and Scotland very materially underbid each other, and that this is very manifest in those yards that have a great deal of what is called special work.

The yard that devotes itself entirely to the construction of high-speed Government cruisers and battle ships can not take a contract on a tramp steamer as cheaply as a yard that devotes itself entirely to that construction, and the vice versa holds good. The firm whose bid was \$1,200,000 said that if we entered into negotiations for the construction of the ships they would be able to name a better figure, but they did not like to give a detailed price to close on unless they might consider the proposition as actual business, and we considered that their letter implied that the price would have materially shaded had we agreed to enter into actual negotiations for the ships and not merely asked them to name a price on the general specifications of the ships. Therefore it is hardly fair to this builder to compare his figures with the figures which the Union Iron Works gave, but for comparative purposes it gives generally what you wish to ascertain.

The CHAIRMAN. I wish to ask one question further to illustrate this point, because I think it is of some consequence. That was in 1895?

Mr. SCHWERIN. Yes, sir.

The CHAIRMAN. Would the difference be greater to-day than it was nine years ago?

COST HERE HAS INCREASED.

Mr. SCHWERIN. I was going to state that I believe there have been two changes in the maximum cost of construction in Great Britain since that period; that is, the cost of construction has gone down, then up, and is now going down again, while since that time the cost of labor, shapes, and plates in this country has steadily advanced and labor gives even less results for the higher wages paid. The most advantageous construction deal ever made in this country for ships was in the building of the vessels for the American-Hawaiian Line. The shipyards were verging on a shut down, and they took this work practically at cost to hold their men and property together. Those ships were the cheapest and the best for the money ever built in the world. It is doubtful if to-day you could get a good shipbuilder to duplicate them at anywhere near the same cost. In fact, the builders of these ships have told me that they lost money in their construction.

## THE MONGOLIA AND MANCHURIA.

When the *Mongolia* and *Manchuria* were contracted for in this country, two ships identically the same were also laid down in Great Britain, covered by identical specifications. I understand there was a difference of some \$800,000 in favor of the English builder.

The CHAIRMAN. What was the aggregate cost?

Mr. SCHWERIN. The contract price for these ships was \$1,850,000 each.

Representative HUMPHREY. That was a difference of \$800,000 in the cost of the two?

Mr. SCHWERIN. A difference of \$800,000 for the two or \$400,000 each.

The CHAIRMAN. The British bid was \$800,000 less?

Mr. SCHWERIN. Yes, sir; for the two.

## THE ALGOA.

Regarding the construction of tramp steamers, we paid \$300,000 for the *Algoa*. We tried to get her duplicated abroad, and they offered to do it for \$452,000. That was in 1900. We obtained figures in this country for the building of two ships of this type, and the cost was \$625,000 apiece or \$1,250,000 for the two. She is a good type of a great cargo capacity carrier, for she has actually carried 11,500 tons of dead-weight cargo from ports on Puget Sound to ports of the United Kingdom, this in addition to her fuel.

Representative HUMPHREY. There is, then, more difference in the cost of constructing a tramp steamer here and in England than in the construction of ships of the type of the *Manchuria*?

Mr. SCHWERIN. No; I do not believe that that follows. There could hardly be any comparison made as you suggest. Each type must be compared separately in order to obtain the comparative cost here and abroad. Ships might cost more in England than they do in this country for this reason: If the English yards are hungry for work, you can make almost any kind of a deal with them. If the American yards are hungry for work, the same thing follows, and if the English yards are full of work at a time when the American yards are hungry for work and delivery could not be guaranteed, then considering the period of delivery and the interest account, the ships might be laid down here for less than in England, though I am considering an extreme case. For instance, if a British shipyard is full of work and I want to build a ship worth, say, \$250,000, the probabilities are that the builders would not look at me for less than \$300,000; but if the English yard were hungry for work and at the same time the American yard was hungry for work, the American yard would probably take the ship for \$225,000.

You will find that this condition will prevail in all of the shipyards the world over. It prevailed here when the American-Hawaiian ships were built, and I doubt if they could have been built and delivered at that time in England at the price paid and within the delivery period called for.



## LABOR MOST IMPORTANT.

The price of material that goes into a ship is the small end of the constructive cost. It is the cost of operating the plant and the cost of labor that must be mainly considered. Labor, however, is the main item of expense which tends toward high cost of construction; and as we have the highest-priced labor in the world in this country in ship construction, we must pay the highest price for our ships, except under the abnormal conditions stated.

Furthermore, the following conditions have and will hurt us in ship construction. It may be considered a personal criticism, but I believe it is true. The Government has carried its specifications for the Government work to such an elastic limit and its inspections to such a high degree, and as most of the important ship construction in this country in our shipyards has been on naval work, the builder and workmen have been trained to produce a finished fabric very much finer and very much more costly than is absolutely required in the mercantile service.

## ACCUSTOMED TO NAVY WORK.

The shipyard draftsmen and designers are almost solely trained in the detail of this naval construction, and in consequence, when we go to them to have specifications and bids prepared or to have repair work done they begin to figure on mercantile work as though it was intended for the Government, under Government specifications and inspection, and in consequence the work produced or estimated upon is much better than we ought to have, and yet the ship or the work upon the ship which we want to have performed is to compete with those built abroad which are in all respects amply able to meet all requirements, although constructed and repaired with much less labor, and therefore at less cost.

## REPAIRS AT HONGKONG AND SAN FRANCISCO.

For instance, we previously made many of our repairs in Hongkong, China. We could do it as well in Hongkong as in San Francisco and it cost us from 50 to 60 per cent less. The cost of labor in Hongkong has materially risen since the American-Spanish war, and the difference in cost of repairs is now about 30 to 40 per cent. We are now doing the most of our repair work in San Francisco, and this is not alone on patriotic grounds, but is influenced to a great extent by the following facts: When we built the *Mongolia* and *Manchuria* there was no dry dock tributary to the Pacific Ocean where we could dock these ships. We required a dry dock over 600 feet long. The San Francisco Dry Dock Company agreed, if we would give them all the dockage of our fleet, they would build a new dock in San Francisco, and they have since completed one over 700 feet long. This was agreed to, and we have placed our work here. Still it remains true that we can dock and paint and repair our ships in Hongkong from 30 to 40 per cent less than it costs here, and on painting the ship's bottom we really get a better job there than here, for it seems that a Chinese workman there will put up a more conscientious class of work than the American workman here.

## THE PACIFIC MAIL AMERICAN.

The Pacific Mail Steamship Company is an American institution, one of the oldest in the foreign sea trade of the world, and it is still patriotic in its ideas and policies; and it is with pleasure it states that so large a portion of its work is done in American yards. This may seem somewhat inconsistent with the fact that we carry Chinese crews, but we are compelled to carry these crews in the trans-Pacific trade because competition compels us to carry them, and if we did not we would be unable to operate this branch of our service. Bear in mind, however, that a portion of the saving due to the carrying of Chinese crews goes to the American shipyard in repairing these ships. The figures I have presented here to-day show conclusively our inability to operate unless we use the Chinese crews; and if we did not operate the American shipyards would not get the work we are now giving them, as we would be forced out of business, as the American ship in this trade could easily be replaced by a foreign one, which would certainly have its work and repairs done abroad. In view of this, it might be interesting to state the earnings of the Pacific Mail Steamship Company at the close of the fiscal year 1904.

The CHAIRMAN. Please state it, so that it may go into the record.

Mr. SCHWERIN. Our net earnings were \$246,895.60.

## THE DIFFERENCE IN SHIP COST.

The CHAIRMAN. Before you come to that, the two illustrations you gave show that it would cost about 45 per cent more to build ships in this country than abroad.

Mr. SCHWERIN. I do not think so. In one case, yes. I have figured it out in a number of cases, and it varies generally from 20 to 35 per cent.

The CHAIRMAN. Have you given any consideration to the so-called Livernash bill, which was introduced in Congress at the last session?

Mr. SCHWERIN. No, sir.

The CHAIRMAN. I wanted to ask you two or three questions connected with that measure.

Mr. SCHWERIN. I have a general idea of the bill, though I have given no attention to it whatever.

## HOW WILL YOU MAN?

Representative MINOR. What do you think about the manning proposition? That is provided for in that bill, I think.

The CHAIRMAN. It is.

Mr. SCHWERIN. I have given you illustrations to-day in regard to manning. What are you going to man with? If you are going to have Swedes, Norwegians, Danes, and Germans come to this country who get \$12 or \$13 a month in the old country and who will get \$30, \$35, \$40, or \$50 a month here and have their families at home, sending their money to their families at home, then that is a good bill to pass, because it would help all those nationalities. It is bound to help them. We shall get their service and probably shipowners will get good results from such service and will pay high wages for it. That

is not an American proposition. It is not going to help any American citizen. It is not going to help any American boy born in this country or of foreign birth growing up in this country.

REVISING THE OCEAN MAIL ACT.

The CHAIRMAN. We have in our investigation so far, I think, discovered that the so-called "mail-subvention act," whatever we may be pleased to term it, the act of 1891, has been approved by almost every person who has spoken to the Commission. You have stated to the Commission that you did not think it profitable to accept the conditions and terms of that act, and that you are now operating your ships independently of it. Have you any suggestion to make concerning that act by way of amendment or enlargement that would result in benefit to the American merchant marine?

Mr. SCHWERIN. Yes, sir, I have; but it is too long a story, and I do not care to present it here to-day. I would rather communicate with Mr. Marvin. I think the act was all right if it were arranged so as to be adapted to fit the practical operations of the different lines under different conditions on different oceans or different mail routes.

NO NEED OF FREE SHIPS.

The CHAIRMAN. We had some very earnest statements made here yesterday in favor of adopting the free-ship policy. Would you be willing to make a suggestion to the Commission regarding your views on that subject?

Mr. SCHWERIN. Reverse the methods of creating or granting benefits. When I spoke of the tramp steamer I intended to include the sailing ships under the American flag. If you would change the method of paying a subsidy so that it would be an increasing sum per annum instead of decreasing. I do not think an American would want to go outside of this country for free ships. If I could build, say, 100 sailing ships, I could save at least 40 per cent on the cost of those ships against the cost of building one.

The question of building a number of ships at once has been thrashed out before you in the East and I have brought out that you can not build cheaply in this country diversified types of ships in the same yard and have the men swing from one type to another and produce economy, and then again we can not get the benefits of piece-work in ship construction under such conditions. In building a large number at one time under beneficial assistance in the way we want to build I believe we could build as cheaply as they do in England, provided we select the type of ship we require and do not try to build these ships better than those turned out in other ship-yards of the world, and better than the need for which they are required.

FREE SHIPS NO BENEFIT TO AMERICA.

From the statements I have already given you I do not see what particular benefit accrues to the American owner operating free ships if he has to pay the going wages of American ports and has to operate them practically under American laws and under the requirements of

the American Labor Association. If the American investor desires to put any money in an investment of free ships he can do so by forming a company abroad and operating the ships, say, under an English corporation, of which all of the stockholders may be Americans. The managing officers would then have to be British, and in this way he could be placed on a parity with the British owner, but not otherwise. The only benefits accruing from the free ship would be in the first cost, in my opinion; it would not be in the operation.

#### OVER-CAREFUL WORKMANSHIP.

If I send to the Union Iron Works to have some repair work done, for instance, a lock on a stateroom door, I do not want them to put on a \$7.50 Government lock when a cheaper \$2.50 lock will afford all the security that is required and probably last as long as the ship. This is a simple illustration, but it can be carried through a great deal of the details of ship repair or ship construction. It is sometimes necessary for a foreign ship to have certain repairs done in American shipyards, and American workmen will generally go through these ships and criticize how much better the work would have been done if that ship had been built in that yard. I try to tell the American builder that we do not want to have it done better; that every dollar put into a ship to show that American workmanship is superior to European workmanship we have got to make up somewhere and out of somebody. No man goes into business to take money out of his pocket to carry on the business. He is going to try to make the business pay, and we all have to make our money out of each other, if any money is to be made.

#### REPAIRS TOO EXPENSIVE.

In a ship's life there must always be repairs; and if the cost of repairs becomes prohibitive, the net revenues are used up and the business must cease. I think the shipbuilding companies of this country are largely to blame for the condition they are in to-day. Their charges for repairs are and have been exorbitant; and while it is claimed they do not make any money in ship construction, I doubt if this could be said in ship repairs. I think you will find that no foreign shipowner repairs in an American shipyard if he can possibly avoid it.

#### THE GOVERNMENT AT FAULT.

I can not but believe that the United States Government made a most serious error when it abolished the speed bonus previously granted in Government construction, and our Government is to-day more responsible than anyone else for the bankrupt condition of the shipyards in this country, for in this work it seems totally oblivious as to whether or not the yard expenses are kept down to the proper cost of operation, as a commercial institution should be, and not operated as a Government institution sustained by the taxpayers of the country instead of by commercial investors who have every right to look for some return from their investment.

I heard only the other day of a case where some work on a Government job was held up for seven months pending a decision as to how

a pipe should run through a chain locker. It took this time and a mass of correspondence to settle what should be a very simple proposition. Meanwhile many thousand dollars' worth of work was hung up in the yard, and it is innumerable instances of this kind which make the shipyard unprofitable, for all work should be permitted to go on promptly and no part can be held back without detriment to some other portion of the construction, thereby increasing the cost and decreasing the possible profit to which the investor is entitled.

Representative HUMPHREY. On that point I may state that the superintendent of construction at Moran's yard told me a few days ago that they had been waiting for six months to get a specification in regard to electric lights.

Mr SCHWERIN. Yet, Senator Lodge in his measure practically says that ships to obtain any benefit under this bill shall be built under the inspection of the Government inspector. I am afraid that that would settle the question of cheap ships for the American mercantile marine, if the bill should become effective as it now reads.

#### A NATIONAL TASK AND DUTY.

In closing, I wish to say that we can not create a vast American mercantile marine in the foreign trade unless it is carried on with the full sympathy and support both of the Government and the public. We have all of the talent and the natural energy to obtain our share of the carrying trade of the world, if this energy can be directed into a proper channel. This enterprise, therefore, must be supported by the patriotic interest of the American people, and this interest must go further than that furnished by the industrial enterprise at home and must extend to the creation and maintenance of American business houses and agencies in all the important seaports of the world.

When we consider the enormous number of foreign houses located in this country, buying and selling our commodities, with their natural tendency to control the carrying of these commodities in bottoms of their own nationality, and know that in almost all ports of the world ships of different nationalities can be handled by houses or agents of their own nationality, the conditions which we must create in order to put the American bottom and the American mercantile interests upon an equal footing with other great over-sea carrying nations of the world is a task that will require the wisest legislation of Congress, as well as tax the brains, energy, and industry of the shipowners, of those interested in our great mercantile producing plants, and the merchants who handle their products.

I desire to thank the Commissioners for giving me their attention.

COMPARATIVE CREW LISTS SHOWING WAGES PAID PER MONTH AND PER YEAR ON STEAMERS OWNED AND OPERATED BY THE PACIFIC MAIL STEAMSHIP COMPANY UNDER AMERICAN FLAG VERSUS COMPETITIVE STEAMERS OPERATED UNDER FOREIGN FLAGS.

[Submitted by Mr. R. P. Schwerdtin.]

SUMMARY.

1. Steamship *Araucario*, 2,575 tons (Pacific Mail Steamship Company), operating between San Francisco and Panama, versus steamship *Pulena*, 2,553 tons (Chilean Line), as operated between Valparaiso and San Francisco.
2. Steamship *City of Sydney*, 3,017 tons (Pacific Mail Steamship Company), operating between San Francisco and Panama, versus steamship *Aconcagua*, 2,761 tons (Chilean Line), as operated between Valparaiso and Ocosingo.
3. Steamship *Newport*, 2,735 tons (Pacific Mail Steamship Company), operating between San Francisco and Panama, versus steamship *Linari*, 2,647 tons (Chilean Line), as operated between Valparaiso and Ocosingo.
4. Steamship *Azer*, 3,508 tons (Pacific Mail Steamship Company), operating between San Francisco and Panama, versus steamship *Ramona*, 3,582 tons (Kosmos Line), as operating between Hamburg and San Francisco.
5. Steamship *China*, 5,060 tons (Pacific Mail Steamship Company), operating between San Francisco and Hongkong, versus steamship *America Maru*, 6,307 tons (Japanese), as operating between San Francisco and Hongkong.
6. Steamship *Hero*, 3,719 tons (Norwegian), cost operating from San Francisco under American owners, versus steamship *Hero*, 3,719 tons (Norwegian), actual cost operating from San Francisco under Norwegian owners.
7. Steamship *Azer*, 3,508 tons (Pacific Mail Steamship Company), operating between San Francisco and Hongkong, versus steamship *Tiania*, 3,613 tons (Norwegian) operating as "tramp" on Pacific Ocean.
8. Steamship *Azer*, 3,508 tons (Pacific Mail Steamship Company), operating between San Francisco and Hongkong, versus steamship *Canterbury*, 3,508 tons (British) operating between London and Pacific coast as British "tramp."
9. Steamship *Azer*, 3,508 tons (Pacific Mail Steamship Company), operating between San Francisco and Hongkong, versus steamship *Onsangu*, 2,802 tons (British), operating as "tramp" between San Francisco and Hongkong.
10. Steamship *Alcoa*, 7,575 tons (Pacific Mail Steamship Company), operating between San Francisco, Manila, and Hongkong.
11. Steamship *Alcoa*, 7,575 tons (Pacific Mail Steamship Company), operating between San Francisco, Manila, and Hongkong, versus steamship *Arabia*, 7,903 tons (Hamburg-American), operating between Portland, Oreg., Manila, and Hongkong.
12. Steamship *Alcoa*, 7,575 tons (Pacific Mail Steamship Company), operating between Portland, Oreg., Manila, and Hongkong.
13. Steamship *Alcoa*, 7,575 tons, under American ownership, with British officers and Lascar crew, versus steamship *Alcoa*, 7,575 tons, under British ownership, with British officers and Lascar crew.
14. Steamship *Alcoa*, 7,575 tons, operating with Chinese crew, versus steamship *Alcoa*, 7,575 tons, operating with European crew.
15. Steamship *China*, 5,060 tons (Pacific Mail Steamship Company), cost as now operated with mixed crew of Europeans and Asiatics, versus steamship *China*, 5,060 tons (Pacific Mail Steamship Company), cost if operated with European crew only.
16. Steamships *Siberia* and *Korea*, 11,284 tons each (Pacific Mail Steamship Company), cost as now operated with mixed crew of Europeans and Asiatics, versus steamships *Siberia* and *Korea*, 11,284 tons each (Pacific Mail Steamship Company), cost as now operated with European crew only.
17. Steamships *Mongolia* and *Manchuria*, 13,300 tons each (Pacific Mail Steamship Company), cost if operated with European crew only.

*American steamship Acapulco (gross tonnage 2,672) versus the British steamship Palena (gross tonnage 2,553).*

Acapulco, operated between San Francisco and Panama.					Palena, operated between Valparaiso and San Francisco.				
Num- ber of men.	Rating.	European or Asiatic.	United States gold.		Num- ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold.	
			Rate per man per month.	Amount of pay per month.				Rate per man per month.	Amount of pay per month.
Saloon officers:									
1	Captain	European	\$200.00	\$200.00	1	Captain	European	\$160.00	\$160.00
1	First officer	do	100.00	100.00	1	First officer	do	48.00	48.00
1	Chief engineer	do	150.00	150.00	1	Chief engineer	do	111.78	111.78
1	Purser	do	100.00	100.00	1	Purser	do	80.00	80.00
1	Surgeon	do	60.00	60.00	1	Surgeon	do	48.00	48.00
1	Freight clerk	do	75.00	75.00	1	Freight clerk	do	32.00	32.00
Deck department:									
1	Second officer	do	60.00	60.00	1	Second officer	do	40.00	40.00
1	Third officer	do	50.00	50.00	1	Third officer	do	35.20	35.20
1	Carpenter	do	50.00	50.00	1	Fourth officer	do	24.00	24.00
4	Quartermasters	do	35.00	140.00	1	Carpenter	do	20.74	20.74
1	Boatswain	do	35.00	35.00	4	Quartermasters	do	9.215	36.86
8	Seamen	do	30.00	240.00	1	Boatswain	do	13.82	13.82
1	Mess boy	do	20.00	20.00	1	Deck engineer	do	6.45	6.45
Engineer's department:									
1	First assistant engineer	do	90.00	90.00	12	Seamen	do	7.65	91.80
1	Second assistant engineer	do	80.00	80.00	1	Engineer's department:	do	72.90	72.90
1	Third assistant engineer	do	70.00	70.00	1	First assistant engineer	do	58.32	58.32
3	Oilers	do	50.00	150.00	1	Second assistant engineer	do	48.60	48.60
9	Firemen	do	45.00	405.00	3	Third assistant engineer	do	13.82	41.46
9	Coal passers	do	35.00	315.00	8	Oilers	do	11.52	138.24
1	Mess boy	do	20.00	20.00	12	Firemen	do	7.874	98.60
Purser's department:									
1	Storekeeper	do	50.00	50.00	1	Coal passers	do	7.87	7.87
1	Steward	do	90.00	90.00	1	Mess boy	do	13.82	13.82
1	Steerage steward	do	40.00	40.00	1	Donkeyman	do	13.82	13.82
1	Baker	do	60.00	60.00	1	Purser's department:	do	13.82	13.82
1	Butcher	do	40.00	40.00	1	Storekeeper	do	35.20	35.20
1	Pantryman	do	30.00	30.00	1	Steward	do	19.20	19.20
Baggage steward									
1	Butcher	do	60.00	60.00	1	Baggage steward	do	10.14	10.14
1	Porter	do	40.00	40.00	1	Butcher	do	13.82	13.82
1	Pantryman	do	30.00	30.00	1	Porter	do	10.14	10.14
Second pantryman									
1	Second pantryman	do	30.00	30.00	1	Pantryman	do	9.21	9.21
Second pantryman									
1	Second pantryman	do	30.00	30.00	1	Second pantryman	do	7.87	7.87

*American steamship Acapulco (gross tonnage 2,572) versus the British steamship Palena (gross tonnage 2,553)—Continued.*

Acapulco, operated between San Francisco and Panama.				Palena, operated between Valparaiso and San Francisco.					
Num- ber of men.	Rating.	European or Asiatic.	United States gold.		Num- ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold.	
			Rate per man per month.	Amount of pay per month.				Rate per man per month.	Amount of pay per month.
Purser's department—Continued.									
1	First cook, after galley.....	European .....	\$60.00	\$60.00	1	First cook, after galley.....	European .....	\$35.20	\$35.20
1	Second cook, after galley.....	do .....	50.00	50.00	1	Second cook, after galley.....	do .....	19.20	19.20
1	Third cook, after galley.....	do .....	35.00	35.00	1	Third cook, after galley.....	do .....	12.80	12.80
1	Saloon watchman.....	do .....	25.00	25.00					
1	Steward waiter.....	do .....	25.00	25.00					
1	Officers' mess man.....	do .....	25.00	25.00	4	Officers' mess men.....	do .....	7.375	29.50
6	Cabin waiters.....	do .....	20.00	120.00	4	Cabin waiters .....	do .....	7.375	29.50
					4	No. 1 waiters .....	do .....	7.9025	31.61
					1	Barkeeper .....	do .....	11.62	11.62
					1	Scullery man .....	do .....	7.37	7.37
	Total per month .....			3,060.00		Total per month .....			
66	Total per annum .....			36,720.00	86	Total per annum .....			
								1,535.86	18,430.32

## RECAPITULATION.

Total wages per month, American steamship Acapulco.....	\$3,060.00
Total wages per month, British steamship Palena .....	1,535.86
Loss per month operating under American flag, steamship Acapulco.....	\$1,524.14
Total wages per annum, American steamship Acapulco .....	36,720.00
Total wages per annum, British steamship Palena.....	18,430.32
Loss per annum operating under American flag, steamship Acapulco.....	18,289.68



*American steamship City of Sydney (gross tonnage, 3,017) versus the Chilean steamship Aconcagua (gross tonnage, 2,761).*

City of Sydney, operating between San Francisco and Panama.					Aconcagua, operating between Valparaiso and Ocoa.				
Num- ber of men.	Rating.	European or Asiatic.	United States gold.		Num- ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold.	
			Rate per man per month.	Amount of pay per month.				Rate per man per month.	Amount of pay per month.
<b>Saloon officers:</b>									
1	Captain	European		\$200.00	1	Captain	European		\$112.00
1	First officer	do		100.00	1	First officer	do		85.20
1	Chief engineer	do		150.00	1	Chief engineer	do		121.00
1	Purser	do		100.00	1	Purser	do		57.60
1	Surgeon	do		60.00	1	Surgeon	do		19.20
1	Freight clerk	do		75.00					
<b>Deck department:</b>									
1	Second officer	do		60.00	1	Second officer	do		32.00
1	Third officer	do		50.00	1	Third officer	do		24.00
		do			1	Fourth officer	do		19.20
		do			1	Fifth officer	do		14.40
1	Carpenter	do		50.00					
4	Quartermasters	do		140.00	4	Quartermasters	do	\$6.40	25.60
1	Boatswain	do	\$35.00	35.00	1	Boatswain	do		9.60
8	Seamen	do	30.00	240.00	12	Seamen	do	5.76	69.12
1	Mess boy	do		20.00	1	Mess boy	do		6.12
		do			4	Winch men	do	4.48	17.92
<b>Engineer's Department:</b>									
1	First assistant engineer	do		90.00	1	First assistant engineer	do		72.60
1	Second assistant engineer	do		80.00	1	Second assistant engineer	do		58.08
1	Third assistant engineer	do		70.00	1	Third assistant engineer	do		48.40
3	Water tenders	do	55.00	165.00					
3	Oilers	do	136.00	396.00	3	Oilers	do	9.60	28.80
9	Firemen	do	45.00	405.00	5	Firemen	do	8.00	40.00
9	Coal passers	do	45.00	405.00	4	Coal passers	do	5.12	20.48
1	Mess boy	do	35.00	35.00	1	Mess boy	do	5.12	5.12
		do			1	Lampman	do		7.04
		do			1	Donkeyman	do		9.60
<b>Purser's Department:</b>									
1	Storekeeper	do		50.00	1	Purser's Department: Assistant freight clerk	do		16.00
1	Steward	do		90.00	1	Storekeeper	do		6.40
		do			1	Steward	do		24.00
1	Steering steward	do		40.00	1	Second steward	do		9.60
1	Baker	do		60.00	1	Second storekeeper	do		5.76
1	Butcher	do		40.00	1	Baker	do		11.20
1	Pantryman	do		30.00	1	Butcher	do		9.60

*American steamship City of Sydney (gross tonnage, 3,017) versus the Chilean steamship Aconcagua (gross tonnage, 2,761)—Continued.*

City of Sydney, operating between San Francisco and Panama.					Aconcagua, operating between Valparaiso and Ocos.				
Num-ber of men.	Rating.	European or Asiatic.	United States gold.		Num-ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold.	
			Rate per man per month.	Amount of pay per month.				Rate per man per month.	Amount of pay per month.
	Purser's department—Continued.					Purser's department—Continued.			
1	First cook, forward galley.....	European.		\$60.00	1	First cook.....	European		\$20.80
1	Second cook, forward galley.....	do.		50.00	1	Second cook.....	do.		9.60
1	Third cook, forward galley.....	do.		35.00	1	Third cook.....	do.		9.60
1	Saloon watchman.....	do.		25.00	1	Fourth cook.....	do.		5.12
1	Storage waiter.....	do.		25.00	5	Waiters.....	do.	5.12	25.60
1	Officers' mess man.....	do.		25.00	1	Officers' mess man.....	do.		5.12
7	Cabin waiters.....	do.	20.00	140.00	1	Walter.....	do.		6.40
					1	No. 2, waiter.....	do.		5.76
					1	Barkeeper.....	do.		9.60
					1	Baggageman.....	do.		6.40
					1	Knife man.....	do.		5.12
					1	Captain's boy.....	do.		5.12
	Total per month.....			3,230.00		Total per month.....			1,048.88
70	Total per annum.....			38,760.00	72	Total per annum.....			12,586.56

## RECAPITULATION.

Total wages per month, American steamship City of Sydney.....	\$3,230.00
Total wages per month, Chilean steamship Aconcagua.....	1,048.88
Loss per month operating under American flag, steamship City of Sydney.....	\$2,181.12
Total wages per annum, American steamship City of Sydney.....	38,760.00
Total wages per annum, Chilean steamship Aconcagua.....	12,586.56
Loss per annum operating under American flag, steamship City of Sydney.....	26,173.44

*American steamship Newport (gross tonnage, 2,755) versus the British steamship Linari (gross tonnage, 2,647).*

Newport, operating between San Francisco and Panama.				Linari, operating between Valparaiso and Ocos.					
Num- ber of men.	Rating.	European or Asiatic.	United States gold.		Num- ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold.	
			Rate per man per month.	Amount of pay per month.				Rate per man per month.	Amount of pay per month.
<b>Saloon officers:</b>									
1	Captain	European		\$200.00	1	Captain	European		\$173.55
1	First officer	do		100.00	1	First officer	do		61.99
1	Chief engineer	do		150.00	1	Chief engineer	do		121.50
1	Purser	do		100.00	1	Purser	do		105.80
1	Surgeon	do		60.00	1	Surgeon	do		24.80
1	Freight clerk	do		75.00	1	Freight clerk	do		29.75
<b>Deck department:</b>									
1	Second officer	do		60.00	1	Second officer	do		43.74
1	Third officer	do		50.00	1	Third officer	do		34.02
1	Carpenter	do		50.00	1	Carpenter	do		22.31
4	Quartermasters	do		\$35.00	4	Quartermasters	do		\$9.91
1	Boatswain	do		35.00	1	Boatswain	do		14.88
7	Seamen	do		210.00	12	Seamen	do		107.10
1	Mess boy	do		20.00	1	Mess boy	do		7.98
<b>Engineer's department:</b>									
1	First assistant engineer	do		90.00	1	First assistant engineer	do		72.90
1	Second assistant engineer	do		80.00	1	Second assistant engineer	do		58.32
1	Third assistant engineer	do		70.00	1	Third assistant engineer	do		48.60
3	Oilers	do		150.00	3	Water tenders	do		54.57
7	Firemen	do		40.00	8	Oilers	do		14.88
6	Coal passers	do		210.00	12	Firemen	do		18.19
1	Mess boy	do		20.00	9	Coal passers	do		14.88
1	Storekeeper	do		45.00	1	Mess boy	do		7.98
<b>Purser's department:</b>									
1	Storekeeper	do		50.00	1	Purser's department:			
1	Steward	do		90.00	1	Storekeeper	do		24.79
1	Steward	do		40.00	1	Steward	do		37.19
1	Steward	do		40.00	1	Steward	do		14.88
1	Baker	do		60.00	1	Stewardess	do		7.44
1	Butcher	do		40.00	1	Baker	do		82.23
1	Pantry man	do		30.00	1	Second baker	do		7.98
1	First cook, forward galley	do		60.00	1	Butcher	do		14.88
1	Second cook, forward galley	do		50.00	1	Porter	do		10.91
1	Third cook, forward galley	do		35.00	1	Pantry man	do		9.92
1	Saloon watchman	do		25.00	1	First cook, forward galley	do		82.23
					1	Second cook, forward galley	do		14.88
					1	Third cook, forward galley	do		14.88
					1	Saloon watchman	do		12.39

*American steamship Newport (gross tonnage, 2,735) versus the British steamship Linari (gross tonnage, 2,647)—Continued.*

Newport, operating between San Francisco and Panama.					Linari, operating between Valparaiso and Ocos.				
Num- ber of men.	Rating.	European or Asiatic.	United States gold.		Num- ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold.	
			Rate per man per month.	Amount of pay per month.				Rate per man per month.	Amount of pay per month.
Purser's department—Continued.									
1	Steering watchman	European		\$25.00	1	Steering watchman	European		\$8.68
1	Steering waiter	do		25.00	1	Steering waiter	do		12.89
1	Officers' mess man	do		25.00	1	Officers' mess man	do		12.89
6	Cabin waiters	do	\$20.00	120.00	8	Cabin waiters	do	\$8.67	68.41
Total per month			2,905.00		Total per month			1,629.08	
Total per annum			34,860.00		Total per annum			19,548.96	

## RECAPITULATION.

Total wages per month, American steamship Newport	\$2,905.00
Total wages per month, British steamship Linari	1,629.08
Loss per month operating under American flag, steamship Newport	\$1,275.92
Total wages per annum, American steamship Newport	34,860.00
Total wages per annum, British steamship Linari	19,548.96
Loss per annum operating under American flag, steamship Newport	15,311.04

*American steamship Aztec (gross tonnage, 3,508) versus the German steamship Rames (gross tonnage, 3,532).*

Aztec (Pacific Mail Steamship Co.), operated between San Francisco and Panama.					Ramesa (Kosmos Line), operated between Hamburg and San Francisco.				
Num- ber of men.	Rating.	European or Asiatic.	United States gold.		Num- ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold.	
			Rate per man per month.	Amount of pay per month.				Rate per man per month.	Amount of pay per month.
Saloon officers:									
1	Captain	European		\$200.00	1	Captain	European		\$125.00
1	First officer	do		100.00	1	First officer	do		65.00
1	Chief engineer	do		150.00	1	Chief engineer	do		82.50
1	Freight clerk	do		75.00					

Deck department:		Engineers' department:		Purmer's department:		Cabin department:	
1	Second officer.....	do	First assistant engineer.....	do	Assistant freight clerk.....	do	Steward.....
1	Third officer.....	do	Second assistant engineer.....	do	First cook and baker.....	do	First cook and baker.....
1	Carpenter.....	do	Third assistant engineer.....	do	Second cook and butcher.....	do	Second cook and butcher.....
1	Quartermasters.....	do	Officers.....	do	Third cook after galley.....	do	Third cook after galley.....
4	Boatwain.....	\$35. 00	Fremen.....	do	Officers' messman.....	do	Officers' messman.....
1	Seamen.....	do	Coal passers.....	do	Officers' second messman.....	do	Officers' second messman.....
3	.....	30. 00	.....	do	Cabin waiter.....	do	Cabin waiter.....
Engineers' department:		Purmer's department:		Cabin department:		Cabin department:	
4	First assistant engineer.....	do	.....	do	.....	do	.....
1	Second assistant engineer.....	do	.....	do	.....	do	.....
1	Third assistant engineer.....	do	.....	do	.....	do	.....
3	Officers.....	50. 00	.....	do	.....	do	.....
6	Fremen.....	45. 00	.....	do	.....	do	.....
6	Coal passers.....	35. 00	.....	do	.....	do	.....
Purmer's department:		Cabin department:		Cabin department:		Cabin department:	
1	Assistant freight clerk.....	do	.....	do	.....	do	.....
1	Steward.....	75. 00	.....	do	.....	do	.....
1	First cook and baker.....	do	.....	do	.....	do	.....
1	Second cook and butcher.....	do	.....	do	.....	do	.....
1	Third cook after galley.....	do	.....	do	.....	do	.....
1	Officers' messman.....	25. 00	.....	do	.....	do	.....
1	Officers' second messman.....	20. 00	.....	do	.....	do	.....
1	Cabin waiter.....	20. 00	.....	do	.....	do	.....
Total per month.....		2, 155. 00	.....	do	.....	do	.....
Total per annum.....		25, 860. 00	.....	do	.....	do	.....
41			35	Total per month.....		878. 75	878. 75
				Total per annum.....		10, 545. 00	10, 545. 00

## RECAPITULATION.

Total wages per month, American steamship Artec (Pacific Mail Steamship Company).....	\$2,156.00
Total wages per month, German (Kosmos Line) steamship Ramona.....	878.76
Losses per month operating under American flag.....	\$1,276.25
Total wages per annum, American steamship Artec.....	25,890.00
Total wages per annum, German (Kosmos Line) steamship Ramona.....	10,545.00
Losses per annum operating under American flag, steamship Artec.....	15,315.00









1	Pantryman.....	do	40.00	1	First cook, after galley.....	do	27.00
1	First cook, after galley.....	do	75.00	1	Officers' mess man.....	do	10.00
1	Officers' mess man.....	do	30.00				
1	Officers' second mess man.....	do	25.00				
45	Total per month.....		2,340.00	26	Total per month.....		668.00
	Total per annum.....		28,080.00		Total per annum.....		7,956.00

Under Norwegian owners fremen do the oiling.

RECAPITULATION.

Total wages per month, Norwegian steamship Hero (under American owners).....	\$2,340.00
Total wages per month, Norwegian steamship Hero (under Norwegian owners).....	668.00
Loss per month operating under American owners.....	\$1,677.00
Total wages per annum, Norwegian steamship Hero (under American owners).....	28,080.00
Total wages per annum, Norwegian steamship Hero (under Norwegian owners).....	7,956.00
Loss per annum operating under American owners.....	20,124.00

*American steamship Aztec (gross tonnage 3,508) versus the Norwegian steamship Titania (gross tonnage 3,613).*

Aztec, operated between San Francisco and Hongkong.				Titania, operated as "tramp" on Pacific Ocean.			
Num- ber of men.	Rating.	European or Asiatic.	United States gold.	Num- ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold.
			Rate per man per month.				Rate per man per month.
1	Saloon officers:				Saloon officers:		
1	Captain.....	European	\$250.00	1	Captain.....	European	\$108.00
1	First officer.....	do	100.00	1	First officer.....	do	29.72
1	Chief engineer.....	do	150.00	1	Chief engineer.....	do	62.10
1	Purser.....	do	100.00				
1	Freight clerk.....	do	75.00				
1	Freight clerk (assistant).....	do	50.00				
	Deck department:				Deck department:		
1	Second officer.....	do	60.00	1	Second officer.....	do	21.60
1	Third officer.....	do	50.00	1	Third officer.....	do	17.55
1	Carpenter.....	do	50.00	1	Carpenter.....	do	21.60
4	Quartermasters.....	do	\$85.00				
1	Boatswain.....	do	140.00				
10	Seamen.....	do	35.00	1	Boatswain.....	do	17.50
		do	300.00	4	Seamen.....	do	54.00
1	Mess boy.....	do	25.00	1	Mess boy.....	do	10.80

*American steamship Aztec (gross tonnage, 3,508) versus the Norwegian steamship Titania (gross tonnage, 3,613)—Continued.*

Aztec, operated between San Francisco and Hongkong.				Titania, operated as a "tramp" on Pacific Ocean.					
Num- ber of men.	Rating.	European or Asiatic.	United States gold.		Num- ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold.	
			Rate per man per month.	Amount of pay per month.				Rate per man per month.	Amount of pay per month.
Engineer's department:									
1	First assistant engineer.....	European		\$90.00	1	First assistant engineer.....	European	\$40.50	\$40.50
1	Second assistant engineer.....	do		80.00	1	Second assistant engineer.....	do		24.30
1	Third assistant engineer.....	do		70.00					
4	Oilers.....	do	\$45.00	180.00					
8	Firesmen.....	do	45.00	360.00	7	Firesmen.....	do	16.20	113.40
8	Coal passers.....	do	35.00	280.00	2	Coal passers.....	do	10.80	21.60
1	Mess boy.....	do	25.00	25.00					
Purser's department:									
1	Steward.....	do		60.00	1	Donkeyman.....	do		20.25
1	Butcher.....	do		40.00		Purser's department: Steward	do		22.85
		do			1	First cook, after galley.....	do		20.25
1	Second cook and baker.....	do		40.00			do		
1	Officers' mess man.....	do		25.00	1	Officers' mess man.....	do		8.10
1	Officers' second mess man.....	do		20.00					
1	Cabin waiter.....	do		20.00					
1	Sculleryman.....	do		20.00					
Total per month.....				2,695.00	Total per month.....				614.12
Total per annum.....				82,340.00	Total per annum.....				7,809.44
56					27				

## RECAPITULATION.

Total wages per month, American steamship Aztec.....	\$2,695.00
Total wages per month, Norwegian steamship Titania.....	614.12
Loss per month operating under American flag, steamship Aztec.....	\$2,080.88
Total wages per annum, American steamship Aztec.....	82,340.00
Total wages per annum, Norwegian steamship Titania.....	7,809.44
Loss per annum operating under American flag, steamship Aztec.....	24,970.56

*American steamship Aztec (gross tonnage 3,508) versus the British steamship Canterbury (gross tonnage 3,508).*

Aztec, operated between San Francisco and Hongkong.				Canterbury, London to Pacific coast, British "tramp."			
Num- ber of men.	Rating.	United States gold.		Num- ber of men.	Rating.	Equivalent in United States gold.	
		Rate per man per month.	Amount of pay per month.			Rate per man per month.	Amount of pay per month.
Saloon officers:							
1	Captain .....	\$250.00	\$250.00	1	Captain and bonus .....	\$145.80	\$145.80
1	First officer .....	100.00	100.00	1	First officer .....	58.32	58.32
1	Chief engineer .....	150.00	150.00	1	Chief engineer and bonus .....	82.62	82.62
1	Purser .....	100.00	100.00				
1	Freight clerk .....	75.00	75.00				
1	Freight clerk .....	50.00	50.00				
Deck department:							
1	Second officer .....	60.00	60.00	1	Second officer .....	41.31	41.31
1	Third officer .....	50.00	50.00	1	Third officer .....	31.60	31.60
1	Carpenter .....	50.00	50.00	1	Carpenter .....	31.60	31.60
4	Quartermasters .....	35.00	140.00	4	Quartermasters .....	14.00	56.00
1	Boatswain .....	35.00	35.00	1	Boatswain .....	13.50	13.50
10	Seamen .....	30.00	300.00	10	Seamen .....	11.50	115.00
1	Mess boy .....	25.00	25.00	1	Mess boy .....	7.00	7.00
Engineer's department:							
1	First assistant engineer .....	90.00	90.00	1	First assistant engineer .....	63.18	63.18
1	Second assistant engineer .....	80.00	80.00	1	Second assistant engineer .....	48.60	48.60
1	Third assistant engineer .....	70.00	70.00	1	Third assistant engineer .....	34.04	34.04
4	Oilers .....	45.00	180.00	4	Oilers .....	12.00	48.00
8	Firemen .....	45.00	360.00	8	Firemen .....	11.88	95.04
8	Coal passers .....	35.00	280.00	8	Coal passers .....	10.00	80.00
1	Mess boy .....	25.00	25.00	1	Mess boy .....	7.50	7.50
Purser's department:							
1	Steward .....	60.00	60.00	1	Steward .....	24.00	24.00
1	Butcher .....	40.00	40.00	1	Butcher .....	20.00	20.00
1	Second cook and baker .....	40.00	40.00	1	Second cook and baker .....	15.00	15.00
1	Officers' mess man .....	25.00	25.00	1	Officers' mess man .....	7.50	7.50
1	Officers' second mess man .....	20.00	20.00	1	Officers' second mess man .....	6.20	6.20
1	Cabin waiters .....	20.00	20.00	1	Cabin waiters .....	7.50	7.50
1	Scullery man .....	20.00	20.00	1	Scullery man .....	7.50	7.50
Total per month .....		2,695.00		Total per month .....		901.01	
Total per annum .....		82,340.00		Total per annum .....		10,812.02	

NOTE.—The steamship Aztec was originally the British steamship Canterbury.



8	Firemen.....	do	45.00	1	No. 1 fireman.....	Adatic	13.50
8	Coal passers.....	do	35.00	1	No. 2 fireman.....	do	12.50
1	Mess boy.....	do	25.00	6	No. 3 fireman.....	do	12.00
				6	Coal passers.....	do	69.00
				1	Mess boy.....	do	60.00
				1	Fireman's cook.....	do	7.50
				1	Fireman's boy.....	do	7.10
				1	Purser's department:	do	10.10
1	Steward.....	do	60.00	1	Steward.....	do	12.00
1	Butcher.....	do	40.00	1	Oilier's boy.....	do	10.10
				1	Mess boy.....	do	10.10
1	Second cook and baker.....	do	40.00	1	Pantryman.....	do	6.00
1	Officers' mess man.....	do	25.00	1	First cook, after galley.....	do	15.00
1	Officers' second mess man.....	do	20.00	1	Second cook, after galley.....	do	10.10
1	Cabin waiter.....	do	20.00	1	Third cook, after galley.....	do	10.10
1	Scullery man.....	do	20.00	1	Officers' mess man.....	do	7.50
				1	Cabin waiter.....	do	7.50
				1	Captain's boy.....	do	10.10
56	Total per month.....		2,695.00		Total per month.....		1,054.71
	Total per annum.....		32,340.00	56	Total per annum.....		12,656.52

RECAPITULATION.

Total wages per month, American steamship Aztec.....	\$2,695.00
Total wages per month, British steamship On Sang.....	1,054.71
Loss per month operating under American flag, steamship Aztec.....	\$1,640.29
Total wages per annum, American steamship Aztec.....	\$2,340.00
Total wages per annum, British steamship On Sang.....	12,656.52
Loss per annum operating under American flag, steamship Aztec.....	19,638.48

*British steamship Algon (gross tonnage, 7,575), versus the German steamship Arabia (gross tonnage, 7,903).*

Algoa (Pacific Mail Steamship Co.), operated between San Francisco, Manila, and Hongkong.					Arabia (Hamburg-American owners), operated between Portland, Oreg., Manila, and Hongkong.				
Num- ber of men.	Rating.	European or Asiatic.	United States gold.		Num- ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold.	
			Rate per man per month.	Amount of pay per month.				Rate per man per month.	Amount of pay per month.
1	Saloon officers:				1	Saloon officers:			
1	Captain	European		\$250.00	1	Captain	European		\$125.00
1	First officer	do.		100.00	1	First officer	do.		65.00
1	Chief engineer	do.		150.00	1	Chief engineer	do.		82.50
1	Freight clerk	do.		75.00					
1	Deck department:					Deck department:			
1	Second officer	do.		80.00	1	Second officer	do.		42.50
1	Third officer	do.		50.00	1	Third officer	do.		32.50
1	Carpenter	Asiatic		17.20	1	Carpenter	do.		20.00
4	Quartermasters	European	\$85.00	140.00	4	Quartermasters	Asiatic	\$12.786	51.18
1	Boatswain	Asiatic		12.90	1	Boatswain	do.		13.24
1	No. 2 boatswain	do.		10.75	1	No. 2 boatswain	do.		11.08
10	Seamen	do.		64.50	8	Seamen	do.		74.13
1	Mess boy	do.		3.44	1	Mess boy	do.		1.54
1	Engineer's department:					Engineer's department:			
1	First assistant engineer	European		90.00	1	First assistant engineer	European		50.00
1	Second assistant engineer	do.		80.00	1	Second assistant engineer	do.		37.50
1	Third assistant engineer	do.		70.00	1	Third assistant engineer	do.		27.50
					1	Fourth assistant engineer	do.		18.75
3	Water tenders	do.		50.00					
1	Oilers	Asiatic	7.74	23.22					
1	No. 1—Fireman	do.		10.75	1	No. 1—Fireman	Asiatic		11.91
1	No. 2—Fireman	do.		9.46					
1	No. 3—Fireman	do.		8.60					
12	Firemen	do.	6.88	82.56					
9	Coal passers	do.	6.02	54.18	14	Firemen	do.	9.269	129.73
1	Mess boy	do.		3.44					
					1	Mess boy	do.		1.54
					1	Donkeyman	do.		11.47
					1	Donkeyman assistant	do.		10.16
					1	Purser's department:			
1	Steward	European		75.00	1	Steward	European		16.25
					1	Steward	Asiatic		13.24
					1	Second steward	do.		6.62
					1	Third steward	do.		5.29
					1	Fourth steward	do.		4.41
1	Pantryman	Asiatic		8.60					
1	First cook, after galley	do.		19.35	1	First cook, after galley	do.		11.08
1	Second cook, after galley	do.		8.60	1	Second cook, after galley	do.		4.41

1	Third cook, after galley.....	do	5.16	1	Third cook, after galley.....	do	3.75
1	Fourth cook, after galley.....	do	5.16	1	Fourth cook, after galley.....	do	3.75
1	Officers' mess man.....	do	6.45				
1	Officers' second mess man.....	do	6.45				
1	Cabin waiter.....	do	6.45				
65	Total per month.....		1,557.22	52	Total per month.....		885.92
	Total per annum.....		18,686.64		Total per annum.....		10,681.04

RECAPITULATION.

Total wages per month, British steamship <i>Algoa</i> (under American owners).....	\$1,557.22
Total wages per month, German steamship <i>Arabia</i> (under German owners).....	885.92
Loss per month operating under British flag, steamship <i>Algoa</i> (American owners).....	\$671.30
Total wages per annum, British steamship <i>Algoa</i> (under American owners).....	18,686.64
Total wages per annum, German steamship <i>Arabia</i> (under German owners).....	10,681.04
Loss per annum operating under British flag, steamship <i>Algoa</i> (American owners).....	7,855.60

*British steamship Algoa* (gross tonnage, 7,575) versus the *German steamship Aragonia* (gross tonnage, 5,198).

*Algoa* (Pacific Mail Steamship Co.), operated between San Francisco, Manila, and Hongkong.

*Aragonia* (Hamburg-American, owners), operated between Portland, Oreg., Manila, and Hongkong.

Num- ber of men.	Rating.	European or Asiatic.	United States gold.		Num- ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold.	
			Rate per man per month.	Amount of pay per month.				Rate per man per month.	Amount of pay per month.
Saloon officers:									
1	Captain.....	European.....		\$250.00	1	Captain.....	European.....		\$125.00
1	First officer.....	do		100.00	1	First officer.....	do		55.00
1	Chief engineer.....	do		150.00	1	Chief engineer.....	do		100.00
1	Freight clerk.....	do		75.00					
Deck department:									
1	Second officer.....	do		60.00	1	Second officer.....	do		40.00
1	Third officer.....	do		50.00	1	Third officer.....	do		27.50
1	Carpenter.....	Asiatic.....		17.20	1	Carpenter.....	Asiatic.....		17.20
4	Quartermasters.....	European.....		\$85.00	4	Quartermasters.....	do		49.88
1	Boatswain.....	Asiatic.....		12.90	1	Boatswain.....	do		12.90
1	No. 2 boatswain.....	do		10.75	1	Boatswain.....	do		12.90
10	Seamen.....	do		64.50	12	Seamen.....	do		108.36
1	Mess boy.....	do		3.44	2	Mess boys.....	do		1.51
Engineer's department:									
1	First assistant engineer.....	European.....		90.00	1	Engineer's department: First assistant engineer.....	European.....		58.00
1	Second assistant engineer.....	do		80.00	1	Second assistant engineer.....	do		37.50

*British steamship Alcoa (gross tonnage, 7,576) versus the German steamship Aragonia (gross tonnage, 8,198)—Continued.*

Algoa (Pacific Mail Steamship Co.), operated between San Francisco, Manila, and Hongkong.					Aragonia (Hamburg-American, owners), operated between Portland, Oreg., Manila, and Hongkong.				
Num- ber of men.	Rating.	European or Asiatic.	United States gold.		Num- ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold.	
			Rate per man per month.	Amount of pay per month.				Rate per man per month.	Amount of pay per month.
	Engineer's department—Continued.					Engineer's department—Continued.			
1	Third assistant engineer	European		\$70.00	1	Third assistant engineer	European		\$27.50
1	Water tenders	do		50.00	3	Junior engineers	do	\$18.75	56.25
3	Oilers	Asiatic	\$7.74	23.22		Oilers	Asiatic	11.18	22.36
1	No. 1—fireman	do		10.76	2	No. 1—fireman	do	11.61	11.61
1	No. 2—fireman	do		9.46	1				
1	No. 3—fireman	do		8.60					
12	Firemen	do	6.88	82.56	15	Firemen	do	9.03	135.45
9	Coal passers	do	6.02	54.18					
1	Mess boys	do		3.44	1	Mess boys	do		6.45
	Purser's department:					Purser's department:			
	Steward	European		75.00	1	Storekeeper	European		18.75
1	Pantryman	Asiatic		8.60	1	Steward	Asiatic		12.90
1	First cook, after galley	do		19.35					
1	Second cook, after galley	do		8.60	1	First cook, after galley	do		12.90
1	Third cook, after galley	do		5.16	1	Second cook, after galley	do		4.80
1	Fourth cook, forward galley	do		5.16	1	Third cook, after galley	do		3.66
1	Officers' messman	do		6.45	1	Fourth cook, forward galley	do		3.66
1	Officers' second messman	do		6.45	2	Officers' messman	do	4.80	8.60
1	Cabin waiters	do		6.45	2	Cabin waiters	do	5.16	10.32
	Total per month			1,557.22		Total per month			961.07
65	Total per annum			18,686.64	60	Total per annum			11,532.84

## RECAPITULATION.

Total wages per month, British steamship Alcoa	\$1,557.22
Total wages per month, German steamship Aragonia	961.07
Loss per month operating under British flag, steamship Alcoa	\$596.15
Total wages per annum, British steamship Alcoa	18,686.64
Total wages per annum, German steamship Aragonia	11,532.84
Loss per annum operating under British flag, steamship Alcoa	7,153.80



*British steamship Algoa (gross tonnage, 7,575) versus the British steamship Algoa (gross tonnage, 7,575).*

Algoa, under American ownership with British officers and Lascar crew.				Algoa, under British ownership with British officers and Lascar crew.			
Num- ber of men.	Rating.	European or Asiatic.	United States gold. Rate per man per month.	Num- ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold. Rate per man per month.
1	Saloon officers: Captain.....	European	\$250.00	1	Saloon officers: Captain.....	European	\$145.80
1	First officer.....	do	100.00	1	First officer.....	do	68.82
1	Chief engineer.....	do	150.00	1	Chief engineer.....	do	82.62
1	Deck department: Second officer.....	do	60.00	1	Deck department: Second officer.....	do	41.31
1	Third officer.....	do	50.00	1	Third officer.....	do	31.60
1	Carpenter.....	do	50.00	1	Carpenter.....	do	31.60
4	Quartermasters.....	do	\$35.00	4	Quartermasters.....	do	\$21.87
5	Boatswains.....	Lascar	10.43	5	Boatswains.....	Lascar	10.43
20	Seamen.....	do	104.00	20	Seamen.....	do	104.00
1	Mess boy.....	do	2.88	1	Mess boy.....	do	2.88
1	Storekeeper.....	do	8.00	1	Storekeeper.....	do	8.00
1	Engineer's department: First assistant engineer.....	European	90.00	1	Engineer's department: First assistant engineer.....	European	63.18
1	Second assistant engineer.....	do	80.00	1	Second assistant engineer.....	do	43.60
1	Third assistant engineer.....	do	70.00	1	Third assistant engineer.....	do	34.04
3	Oilers.....	Lascar	22.08	3	Oilers.....	Lascar	22.08
16	Firemen.....	do	7.36	16	Firemen.....	do	6.54
7	Coal passers.....	do	6.54	7	Coal passers.....	do	4.16
4	Mess boys.....	do	2.08	4	Mess boys.....	do	2.08
1	Storekeeper.....	do	7.04	1	Storekeeper.....	do	7.04
1	Donkeyman.....	European	45.00	1	Donkeyman.....	European	24.30
1	Purser's department: Steward.....	Lascar	19.20	1	Purser's department: Steward.....	Lascar	19.20
1	Pantryman.....	do	6.40	1	Pantryman.....	do	6.40
1	First cook, after galley.....	do	14.40	1	First cook, after galley.....	do	14.40
1	Second cook, after galley.....	do	6.40	1	Second cook, after galley.....	do	6.40
1	Third cook, after galley.....	do	5.76	1	Third cook, after galley.....	do	5.76
1	Officers' mess man.....	do	6.40	1	Officers' mess man.....	do	6.40
2	Bath boys.....	do	7.68	2	Bath boys.....	do	7.68
1	Captain's boy.....	do	5.12	1	Captain's boy.....	do	5.12
79	Total per month.....		1,473.80	79	Total per month.....		1,087.65
	Total per annum.....		17,885.60		Total per annum.....		12,451.80

*British steamship Algoa (gross tonnage, 7,575) versus the British steamship Algoa (gross tonnage, 7,575)—Continued.*

## RECAPITULATION.

Total wages per month, British steamship Algoa (American owners).....	\$1,478.80
Total wages per month, British steamship Algoa (British owners).....	1,087.65
Loss per month operating under British flag, steamship Algoa (American owners).....	\$436.15
Total wages per annum, British steamship Algoa (American owners).....	17,685.60
Total wages per annum, British steamship Algoa (British owners).....	12,451.83
Loss per annum operating under British flag, steamship Algoa (American owners).....	5,233.80

*British steamship Algoa (gross tonnage 7,575) versus the British steamship Algoa (gross tonnage 7,575).*

Algoa, under British owners.				Algoa, under Pacific Mail Steamship Company.					
Num- ber of men.	Rating.	European or Asiatic.	United States gold.		Num- ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold.	
			Rate per man per month.	Amount of pay per month.				Rate per man per month.	Amount of pay per month.
Saloon officers:									
1	Captain.....	European.....	\$145.80	\$145.80	1	Captain.....	European.....	\$250.00	\$250.00
1	First officer.....	do.....	58.32	58.32	1	First officer.....	do.....	100.00	100.00
1	Chief engineer.....	do.....	82.62	82.62	1	Chief engineer.....	do.....	150.00	150.00
Deck department:									
1	Second officer.....	do.....	41.31	41.31	1	Second officer.....	do.....	60.00	60.00
1	Third officer.....	do.....	31.60	31.60	1	Third officer.....	do.....	50.00	50.00
1	Carpenter.....	do.....	31.60	31.60	1	Carpenter.....	do.....	50.00	50.00
4	Quartermasters.....	do.....	21.87	87.48	4	Quartermasters.....	do.....	33.00	140.00
8	Boatswains.....	Lascar.....	10.46	31.36	2	Boatswains.....	Asiatic.....	13.75	27.50
Seamen:									
20	Seamen.....	do.....	6.20	104.00	1	Deck engineer.....	do.....	9.00	9.00
1	Mess boy.....	do.....	2.88	2.88	1	Seamen.....	do.....	7.50	150.00
1	Storekeeper.....	do.....	8.00	8.00	1	Mess boy.....	do.....	6.00	6.00
Engineer's department:									
1	First assistant engineer.....	European.....	63.18	63.18	Engineer's department:				
1	Second assistant engineer.....	do.....	48.60	48.60	1	First assistant engineer.....	European.....	90.00	90.00
1	Third assistant engineer.....	do.....	34.04	34.04	1	Second assistant engineer.....	do.....	80.00	80.00
3	Oilers.....	Lascar.....	7.36	22.08	1	Third assistant engineer.....	do.....	70.00	70.00
16	Firemen.....	do.....	6.54	104.64	3	Oilers.....	Asiatic.....	9.00	27.00
7	Coal passers.....	do.....	4.16	29.12	16	Firemen.....	do.....	8.43	126.50
4	Mess boys.....	do.....	2.08	8.32	7	Coal passers.....	do.....	7.00	48.00
1	Storekeeper.....	do.....	7.04	7.04	4	Mess boys.....	do.....	6.00	24.00
1	Donkeyman.....	European.....	24.80	24.80	1	Mess boy.....	do.....	9.00	24.00
					1	Donkeyman.....	European.....	45.00	45.00

Equivalent in United States gold.

Rate per man per month.

Amount of pay per month.

[illegible]

## RECAPITULATION.

Total wages per month, British steamship <i>Algoa</i> (under Pacific Mail Steamship Company).....	\$1,610.00
Total wages per month, British steamship <i>Algoa</i> (under British owners).....	1,087.65
Loss per month operating under British flag, steamship <i>Algoa</i> (Pacific Mail Steamship Company).....	\$572.35
Total wages per annum, British steamship <i>Algoa</i> (under Pacific Mail Steamship Company).....	19,820.00
Total wages per annum, British steamship <i>Algoa</i> (under British owners).....	12,461.80
Loss per annum operating under British flag, steamship <i>Algoa</i> (Pacific Mail Steamship Company).....	6,868.20

*British steamship Algoa (gross tonnage 7,576) versus the British steamship Algoa (gross tonnage 7,575).*

Algoa, operating with Chinese crew.						Algoa, operating with European crew.					
Num-ber of men.	Rating.	European or Asiatic.		United States gold.		Num-ber of men.	Rating.	European or Asiatic.		Equivalent in United States gold.	
				Rate per man per month.	Amount of pay per month.					Rate per man per month.	Amount of pay per month.
1		Saloon officers:						Saloon officers:			\$250.00
1		Captain		European		1		Captain		European	175.00
1		First officer		do		1		First officer		do	125.00
1		Chief engineer		do		1		Chief engineer		do	175.00
1		Freight clerk		do		1		Freight clerk		do	75.00
		Deck department:						Deck department:			
1		Second officer		do		1		Second officer		do	75.00
1		Third officer		do		1		Third officer		do	55.00
1		Carpenter		Asiatic		1		Carpenter		do	50.00
4		Quartermasters.		European		4		Quartermasters.		do	50.00
4		Boatswain		Asiatic		4		Boatswains.		do	80.00
1		No. 2 boatswain		do		2		Boatswain		do	40.00
10		Seamen.		do		10		Seamen		do	35.00
1		Mess boy		do		1		Mess boy		do	25.00

*British steamship Algoa (gross tonnage, 7,575) versus the British steamship Algoa (gross tonnage, 7,575)—Continued.*

Algoa, operating with Chinese crew.				Algoa, operating with European crew.					
Num- ber of men.	Rating.	European or Asiatic.	United States gold.		Num- ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold.	
			Rate per man per month.	Amount of pay per month.				Rate per man per month.	Amount of pay per month.
Engineer's department:					Engineer's department:				
1	First assistant engineer.....	European.....		\$90.00	1	First assistant engineer.....	European.....		\$120.00
1	Second assistant engineer.....	do.....		80.00	1	Second assistant engineer.....	do.....		90.00
1	Third assistant engineer.....	do.....		70.00	1	Third assistant engineer.....	do.....		80.00
1	Water tenders.....	do.....		50.00	1	Water tenders.....	do.....		60.00
3	Others.....	Asiatic.....	\$7.74	23.22	3	Others.....	do.....	\$50.00	150.00
1	No. 1 fireman.....	do.....		10.75					
1	No. 2 fireman.....	do.....		9.46					
1	No. 3 fireman.....	do.....		8.60					
12	Firemen.....	do.....	6.88	82.56	15	Firemen.....	do.....	50.00	750.00
9	Coal passers.....	do.....	6.02	54.18	9	Coal passers.....	do.....	40.00	360.00
1	Mess boys.....	do.....		3.44	1	Mess boys.....	do.....		20.00
Purser's department:					Purser's department:				
1	Steward.....	European.....		75.00	1	Steward.....	do.....		100.00
1	Pantryman.....	Asiatic.....		8.60	1	Pantryman.....	do.....		40.00
1	First cook, after galley.....	do.....		19.35	1	First cook, after galley.....	do.....		75.00
1	Second cook, after galley.....	do.....		8.60	1	Second cook, after galley.....	do.....		50.00
1	Third cook, after galley.....	do.....		5.16	1	Third cook, after galley.....	do.....		40.00
1	Fourth cook, after galley.....	do.....		5.16	1	Fourth cook, after galley.....	do.....		35.00
1	Officers' mess man.....	do.....		6.46	1	Officers' mess man.....	do.....		30.00
1	Officers' second mess man.....	do.....		6.46	1	Officers' second mess man.....	do.....		25.00
1	Saloon boy.....	do.....		6.46	1	Saloon boy.....	do.....		30.00
Total per month.....				1,567.22	Total per month.....				3,460.00
Total per annum.....				18,686.64	Total per annum.....				41,520.00

## RECAPITULATION.

Total wages per month, British steamship Algoa, under Pacific Mail Steamship Company (Chinese crew).....	\$1,567.22
Total wages per month, British steamship Algoa, under Pacific Mail Steamship Company (European crew).....	3,460.00
Loss per month operating under European crew.....	\$1,902.78
Total wages per annum, British steamship Algoa, Chinese crew.....	18,686.64
Total wages per annum, British steamship Algoa, European crew.....	41,520.00
Loss per annum operating under European crew.....	22,833.36

*American steamship China (gross tonnage, 5,060) versus the America steamship China (gross tonnage, 5,060).*

China, cost as now operated with mixed crew of European and Asiatics.					China, cost if operated with European crew only.				
Num- ber of men.	Rating.	European or Asiatic.	United States gold.		Num- ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold.	
			Rate per man per month.	Amount of pay per month.				Rate per man per month.	Amount of pay per month.
Saloon officers:									
1	Captain	European		\$250.00	1	Captain	European		\$250.00
1	First officer	do		125.00	1	First officer	do		125.00
1	Chief engineer	do		175.00	1	Chief engineer	do		175.00
1	Purser	do		100.00	1	Purser	do		100.00
1	Surgeon	do		60.00	1	Surgeon	do		60.00
1	Freight clerk	do		75.00	1	Freight clerk	do		75.00
Deck department:									
1	Second officer	do		75.00	1	Second officer	do		75.00
1	Third officer	do		50.00	1	Third officer	do		50.00
1	Carpenter	do		50.00	1	Carpenter	do		50.00
1	Main deck watchman	do		85.00	1	Main deck watchman	do		85.00
4	Quartermasters	do		140.00	4	Quartermasters	do		140.00
1	Boatswain	do		12.90	1	Boatswain	do		40.00
1	No. 2 boatswain	do		10.75	1	No. 2 boatswain	do		30.00
1	Sailmaker	do		8.60	1	Sailmaker	do		40.00
27	Seaman	do		174.15	27	Seaman	do		945.00
1	Mess boy	do		6.45	1	Mess boy	do		35.00
Engineers' department:									
1	First assistant engineer	European		110.00	1	First assistant engineer	do		110.00
1	Second assistant engineer	do		90.00	1	Second assistant engineer	do		90.00
1	Third assistant engineer	do		80.00	1	Third assistant engineer	do		80.00
1	Electrician	do		55.00	1	Electrician	do		55.00
3	Water tenders	do		166.00	3	Water tenders	do		166.00
6	Oilers	do		270.00	6	Oilers	do		270.00
1	No. 1 fireman	Asiatic		9.89					
1	No. 2 fireman	do		8.60					
1	No. 3 fireman	do		7.74					
1	Firemen	do		185.76					
27	Coal passers	do		126.42	24	Firemen	do		50.00
21	Mess boy	do		6.02	18	Coal passers	do		720.00
1	Storekeeper	do		7.74	2	Mess boys	do		50.00
Purser's department:									
1	Storekeeper	European		50.00	1	Storekeeper	do		50.00
1	Steward	do		90.00	1	Steward	do		90.00
1	Second steward	do		40.00	1	Second steward	do		40.00
1	Steering steward	do		40.00	1	Steering steward	do		40.00
1	Stewardess	do		20.00	1	Stewardess	do		20.00
1	Baker	do		19.35	1	Baker	do		70.00
1	Second baker	Asiatic		6.45	1	Second baker	do		50.00

*American steamship China (gross tonnage, 5,060) versus the American steamship China (gross tonnage, 5,060)—Continued.*

China, cost as now operated with mixed crew of European and Asiatic.				China, cost if operated with European crew only.			
Num- ber of men.	Rating.	European or Asiatic.	United States gold. Rate per man per month.	Num- ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold. Rate per man per month.
<b>Purser's department—Continued.</b>							
1	Butcher	European	\$50.00	1	Butcher	European	\$50.00
1	Porter	Asiatic	8.60	1	Porter	do	30.00
1	Pantryman	do	8.60	1	Pantryman	do	40.00
2	Second pantryman	do	12.90	2	Second pantryman	do	60.00
1	First cook, after galley	do	15.05	1	First cook, after galley	do	75.00
1	Second cook, after galley	do	10.75	1	Second cook, after galley	do	50.00
1	Third cook, after galley	do	6.45	1	Third cook, after galley	do	40.00
1	First cook, forward galley	do	19.35	1	First cook, forward galley	do	75.00
1	Second cook, forward galley	do	13.05	1	Second cook, forward galley	do	50.00
1	Third cook, forward galley	do	6.45	1	Third cook, forward galley	do	40.00
1	Saloon watchman	do	25.00	1	Saloon watchman	do	25.00
1	do	European	25.00	1	Saloon watchman	do	25.00
1	Steerage watchman	do	19.35	1	Steerage watchman	do	25.00
3	Steerage waiters	Asiatic	6.45	3	Steerage waiters	do	75.00
2	Officers' mess men	do	6.45	2	Officers' mess men	do	30.00
1	Officers' second mess man	do	6.45	1	Officers' second mess man	do	25.00
18	Cabin waiters	do	6.45	18	Cabin waiters	do	450.00
1	No. 1 waiter	do	116.10	1	No. 1 waiter	do	30.00
1	Barkeeper	do	12.90	1	Barkeeper	do	65.00
1	Interpreter	do	10.75	1	Silver man	do	30.00
1	Silver man	do	6.45	1	Scullery man	do	25.00
1	Scullery man	do	6.45	1	Bath boy	do	20.00
1	Bath boy	do	6.45	1	Deck boy	do	20.00
1	Tally clerk	do	12.90	1	Deck boy	do	20.00
1	Chinese steward	do	15.05				
164	Total per month.		8,176.52		Total per month.		6,715.00
	Total per annum		38,106.24	153	Total per annum.		80,580.00

## RECAPITULATION.

Total wages per month, American steamship China (European crew only)	\$6,715.00
Total wages per month, American steamship China (European and Asiatic crew)	3,176.52
Low per month operating under American flag with European crew only	\$3,539.48
Total wages per annum, American steamship China (European crew only)	80,580.00
Total wages per annum, American steamship China (European and Asiatic crew)	38,106.24
Low per annum operating under American flag with European crew only	42,473.70

*American steamships Siberia and Korea (gross tonnage, 11,284) versus the American steamships Siberia and Korea (gross tonnage, 11,284).*

Siberia and Korea, east as now operated with mixed crews of Europeans and Asiatics.				Siberia and Korea, east if operated with European crew only.			
Num- ber of men.	Rating.	United States gold.		European or Asiatic.	Rating.	Equivalent in United States gold.	
		Rate per man per month.	Amount of pay per month.			Rate per man per month.	Amount of pay per month.
<b>Saloon officers:</b>							
1	Captain	European	\$250.00		European		\$250.00
1	First officer	do	125.00		do		125.00
1	Chief engineer	do	175.00		do		175.00
1	Purser	do	140.00		do		140.00
1	Surgeon	do	60.00		do		60.00
1	Freight clerk	do	75.00		do		75.00
<b>Deck department:</b>							
1	Second officer	do	75.00		do		75.00
1	Third officer	do	65.00		do		65.00
1	Fourth officer	do	50.00		do		50.00
1	Fifth officer	do	45.00		do		45.00
1	Carpenter	do	50.00		do		50.00
1	Carpenter's mate	Asiatic	8.60		do		40.00
1	Main-deck watchman	European	35.00		do		35.00
1	Plumber	do	60.00		do		60.00
4	Quartermasters	do	12.90	\$35.00	do	\$35.00	140.00
1	Boatswain	Asiatic	10.80		do		40.00
1	No. 2 boatswain	do	7.31		do		30.00
1	Sailmaker	do	8.60		do		40.00
31	Seamen	do	199.95	6.45	do	35.00	1,085.00
2	Mess boys	do	10.32	5.16	do	25.00	50.00
1	Stowkeeper	do	7.31		do		
<b>Engineer's department:</b>							
1	First assistant engineer	European	135.00		do		135.00
1	Second assistant engineer	do	90.00		do		90.00
1	Third assistant engineer	do	90.00		do		90.00
6	Junior engineers	do	420.00	70.00	do	70.00	420.00
1	Ice engineer	do	70.00		do		70.00
1	Electrician	do	70.00		do		70.00
4	Water tenders	do	20.00		do		20.00
12	Others	do	55.00		do		55.00
6	Others	Asiatic	45.00	45.00	do	45.00	405.00
1	No. 1 fireman	do	9.89		do		
1	No. 2 fireman	do	8.60		do		
1	No. 3 fireman	do	7.31		do		
45	Firemen	do	392.60	6.88	do		50.00
24	Coal passers	do	225.66	6.02	do		40.00
					do		1,560.00

*American steamships Siberia and Korea (gross tonnage, 11,284) versus the American steamships Siberia and Korea (gross tonnage, 11,284)—Continued.*

Siberia and Korea, cost as now operated with mixed crews of Europeans and Asiatics.					Siberia and Korea, cost if operated with European crew only.				
Num- ber of men.	Rating.	European or Asiatic.	United States gold.		Num- ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold.	
			Rate per man per month.	Amount of pay per month.				Rate per man per month.	Amount of pay per month.
Engineer's department—Continued.									
2	Mess boys.....	Asiatic.....	\$5.16	\$10.82	2	Mess boys.....	European.....	\$25.00	\$50.00
1	Storekeeper.....	do.....		7.74	1	Storekeeper.....	do.....		40.00
Purser's department:									
1	Assistant freight clerk.....	European.....		60.00	1	Assistant freight clerk.....	do.....		60.00
1	Storekeeper.....	do.....		50.00	1	Storekeeper.....	do.....		50.00
1	Steward.....	do.....		100.00	1	Steward.....	do.....		100.00
1	Second steward.....	do.....		50.00	1	Second steward.....	do.....		50.00
1	Steward.....	do.....		40.00	1	Steward.....	do.....		40.00
1	Baggage steward.....	do.....		40.00	1	Baggage steward.....	do.....		40.00
2	Stewardesses.....	do.....		50.00	2	Stewardesses.....	do.....		50.00
1	Baker.....	Asiatic.....	25.00	50.00	1	Baker.....	do.....	25.00	70.00
1	Second baker.....	do.....		19.35	1	Second baker.....	do.....		50.00
1	Third baker.....	do.....		6.45	1	Third baker.....	do.....		35.00
1	Butcher.....	European.....		65.00	1	Butcher.....	do.....		65.00
1	Second butcher.....	Asiatic.....		6.45	1	Second butcher.....	do.....		35.00
1	Porter.....	do.....		8.60	1	Porter.....	do.....		30.00
Pantryman.....									
1	Pantryman.....	do.....		8.60	1	Pantryman.....	do.....		40.00
1	Second pantryman.....	do.....		45.15	1	Second pantryman.....	do.....	30.00	210.00
1	First cook, after galley.....	do.....	6.45	15.02	1	First cook, after galley.....	do.....		75.00
1	Second cook, after galley.....	do.....		10.80	1	Second cook, after galley.....	do.....		50.00
3	Third cook, after galley.....	do.....	6.45	19.35	3	Third cook, after galley.....	do.....	40.00	120.00
1	First cook, forward galley.....	do.....		19.35	1	First cook, forward galley.....	do.....	50.00	75.00
2	Second cook, forward galley.....	do.....	15.04	30.08	2	Second cook, forward galley.....	do.....	50.00	100.00
1	Third cook, forward galley.....	do.....		6.45	1	Third cook, forward galley.....	do.....		40.00
1	Fourth cook, forward galley.....	do.....		6.45	1	Fourth cook, forward galley.....	do.....		35.00
1	Fifth cook, forward galley.....	do.....		6.45	1	Fifth cook, forward galley.....	do.....		35.00
1	Saloon watchman.....	European.....		25.00	1	Saloon watchman.....	do.....		25.00
1	Steerage watchman.....	do.....		25.00	1	Steerage watchman.....	do.....		25.00
1	Barber.....	do.....		25	1	Barber.....	do.....		25
6	Steerage waiters.....	Asiatic.....	6.45	38.70	6	Steerage waiters.....	do.....	25.00	150.00
3	Officers' messman.....	do.....	6.45	19.35	3	Officers' messman.....	do.....	30.00	90.00
3	Officers' second messman.....	do.....	5.16	15.48	3	Officers' second messman.....	do.....	25.00	75.00
36	Cabin waiters.....	do.....	6.45	232.20	36	Cabin waiters.....	do.....	25.00	90.00
1	No. 1 waiter.....	do.....		10.80	1	No. 1 waiter.....	do.....		30.00
1	Barkeeper.....	do.....		12.90	1	Barkeeper.....	do.....		65.00
1	Silverman.....	do.....		6.45	1	Silverman.....	do.....		30.00
1	Sculleryman.....	do.....		6.45	1	Sculleryman.....	do.....		25.00





*American steamships Mongolia and Manchuria (gross tonnage, 13,500) versus the American steamships Mongolia and Manchuria (gross tonnage, 13,500) —*  
Continued.

Mongolia and Manchuria, cost as now operated with mixed crew of Europeans and Asiatics.				Mongolia and Manchuria, cost if operated with European crew only.					
Num- ber of men.	Rating.	European or Asiatic.	United States gold.		Num- ber of men.	Rating.	European or Asiatic.	Equivalent in United States gold.	
			Rate per man per month.	Amount of pay per month.				Rate per man per month.	Amount of pay per month.
Deck department—Continued.									
1	Boatswain	Asiatic		\$12.90	1	Boatswain	European		\$40.00
1	No. 2 boatswain	do		10.75	1	No. 2 boatswain	do		30.00
1	Sailmaker	do		8.60	1	Sailmaker	do		40.00
1	Deck engineer	European		60.00	1	Deck engineer	do		60.00
33	Seamen	Asiatic	\$6.45	212.85	33	Seamen	do	\$35.00	1,155.00
1	Mess boy	do		5.16	1	Mess boy	do		25.00
Engineer's department:									
1	First assistant engineer	European		135.00	1	First assistant engineer	do		135.00
1	Second assistant engineer	do		90.00	1	Second assistant engineer	do		90.00
1	Third assistant engineer	do		80.00	1	Third assistant engineer	do		80.00
6	Junior engineers	do		420.00	6	Junior engineers	do		420.00
1	Ice engineer	do		70.00	1	Ice engineer	do		70.00
1	Electrician	do		70.00	1	Electrician	do		70.00
3	Water tenders	do		56.00	3	Water tenders	do		168.00
12	Others	do		46.00	12	Others	do		552.00
6	Others	Asiatic	7.74	46.44	6	Others	do		46.44
1	No. 1 fireman	do		9.89	1	No. 1 fireman	do		9.89
1	No. 2 fireman	do		8.60	1	No. 2 fireman	do		8.60
1	No. 3 fireman	do		7.74	1	No. 3 fireman	do		7.74
36	Firemen	do	6.88	247.68	36	Firemen	do		247.68
33	Coal passers	do	6.02	198.66	33	Coal passers	do		198.66
2	Mess boys	do	5.16	10.32	2	Mess boys	do		10.32
1	Storekeeper	do		7.74	1	Storekeeper	do		7.74
Purser's department:									
1	Assistant freight clerk	European		60.00	1	Assistant freight clerk	do		60.00
1	Storekeeper	do		60.00	1	Storekeeper	do		60.00
1	Steward	do		100.00	1	Steward	do		100.00
1	Second steward	do		50.00	1	Second steward	do		50.00
1	Steering steward	do		40.00	1	Steering steward	do		40.00
1	Baggage steward	do		40.00	1	Baggage steward	do		40.00
2	Stewardesses	do		50.00	2	Stewardesses	do		60.00
1	Baker	do	25.00	19.35	1	Baker	do	25.00	19.35
2	Second baker	Asiatic		12.90	2	Second baker	do		25.80
1	Butcher	European	6.45	65.00	1	Butcher	do		65.00
1	Second butcher	Asiatic		6.45	1	Second butcher	do		30.00

1	Porter.....	do.	8.60	1	Porter.....	do.	30.00
1	Pantryman.....	do.	8.60	1	Pantryman.....	do.	40.00
4	Second pantrymen.....	do.	25.80	4	Second pantrymen.....	do.	120.00
1	First cook, after galley.....	do.	6.45	1	First cook, after galley.....	do.	75.00
1	Second cook, after galley.....	do.	10.75	1	Second cook, after galley.....	do.	50.00
1	Third cook, after galley.....	do.	6.45	1	Third cook, after galley.....	do.	40.00
1	First cook, forward galley.....	do.	19.35	1	First cook, forward galley.....	do.	75.00
2	Second cook, forward galley.....	do.	30.10	2	Second cook, forward galley.....	do.	100.00
3	Third cook, forward galley.....	do.	19.35	3	Third cook, forward galley.....	do.	120.05
1	Saloon watchman.....	European	6.45	1	Saloon watchman.....	do.	25.00
1	Steward watchman.....	do.	25.00	1	Steward watchman.....	do.	25.00
1	Barber.....	do.	25.00	1	Barber.....	do.	25.00
8	Steward waiters.....	do.	6.45	8	Steward waiters.....	do.	25.00
2	Officers' mess men.....	do.	12.90	2	Officers' mess men.....	do.	30.00
4	Officers' second mess men.....	do.	20.64	4	Officers' second mess men.....	do.	30.00
35	Cabin waiters.....	do.	22.75	35	Cabin waiters.....	do.	25.00
1	No. 1 waiter.....	do.	10.75	1	No. 1 waiter.....	do.	30.00
1	Barkeeper.....	do.	12.90	1	Barkeeper.....	do.	66.00
1	Interpreter.....	do.	17.20	1	Interpreter.....	do.	30.00
1	Silver man.....	do.	6.45	1	Silver man.....	do.	30.00
1	Scully man.....	do.	6.45	1	Scully man.....	do.	25.00
6	Bath boys.....	do.	32.25	6	Bath boys.....	do.	100.00
2	Deck boys.....	do.	12.90	2	Deck boys.....	do.	40.00
	Total per month.....		4,863.72		Total per month.....		10,075.25
255	Total per annum.....		58,864.64		Total per annum.....		120,903.00

## RECAPITULATION.

Total wages per month, American steamship Mongolla, European crew.....	\$10,075.25
Total wages per month, American steamship Mongolla, European and Asiatic crew.....	4,863.72
Loss per month operating under American flag, European crew.....	\$5,211.53
Total wages per annum, American steamship Mongolla, European crew.....	120,903.00
Total wages per annum, American steamship Mongolla, European and Asiatic crew.....	58,864.64
Loss per annum operating under American flag, European crew.....	62,538.36

# 1390 HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION:

## CREW LISTS OF PACIFIC MAIL STEAMSHIP COMPANY SHOWING PERCENTAGE OF AMERICAN OFFICERS AND MEN IN EACH DEPARTMENT.

### RECAPITULATION.

*Showing percentage of Americans<sup>a</sup> and foreigners in each department of vessels of Pacific Mail Steamship Company.*

[Submitted by Mr. R. P. Schwerin.]

	Total.	Americans.		Foreigners.	
		Number.	Per cent.	Number.	Per cent.
Officers, deck department.....	72	35	48.6	37	51.4
Crew, deck department.....	198	29	14.6	169	85.4
Officers, engineer's department.....	84	68	81.0	16	19.0
Crew, engineer's department.....	314	108	32.8	211	67.2
Officers, purser's department.....	91	62	68.1	29	31.9
Crew, purser's department.....	199	51	25.6	148	74.4
Total officers and crew.....	968	348	36.3	610	63.7

<sup>a</sup>This statement is on the basis of birthplace. The law requires that all deck officers and engineers in charge of a watch on American steam vessels shall be American citizens—fully naturalized, if not native.

*List showing nationality (by birth) of officers and men comprising crew of the American steamship Acapulco, voyage 95.*

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America.....	1	2	1	4	3	4	15	22.5
Australia.....	1			1			2	
Great Britain.....	1		2	10		2	15	
Canada.....				1	1		2	
Central America.....		1				1	2	
Chile.....		1					1	
Germany.....				3	1	1	5	
Greece.....		1		1			2	
Mexico.....		5		1		3	9	
Norway.....	1	1					2	
Panama.....						1	1	
Peru.....		1				1	2	
Sweden.....	1	1					2	
West Indies.....			1		1	3	5	
Guam.....				1			1	
Total.....	5	18	4	22	6	16	66	

### RECAPITULATION.

	Number.	Per cent.
Americans:		
Officers, deck department.....	1	1.5
Crew, deck department.....	2	3.0
Officers, engineer's department.....	1	1.5
Crew, engineer's department.....	4	6.0
Officers, purser's department.....	3	4.5
Crew, purser's department.....	4	6.0
Total Americans.....	15	22.5
Foreign nationalities.....	51	77.5
Total officers and crew.....	66	100.0

Arrived San Francisco February 25, 1904.

# HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION. 1391

List showing nationality (by birth) of officers and men comprising crew of the American steamship *Acapulco*, voyage 96.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	1	1	1	4	4	2	18	19.68
Great Britain .....	1	2	2	18		2	20	
Canada .....				1	1		2	
Central America .....		1				1	2	
Chile .....		1				1	2	
Colombia .....						1	1	
Denmark .....	1						1	
Germany .....				2		1	3	
Greece .....		1					1	
India .....		1					1	
Mexico .....		6		1		2	9	
Norway .....	1						1	
Peru .....		1				1	2	
Sweden .....		1					1	
West Indies .....			1		1	4	6	
Guam .....				1			1	
<b>Total .....</b>	<b>4</b>	<b>15</b>	<b>4</b>	<b>22</b>	<b>6</b>	<b>15</b>	<b>66</b>	

## RECAPITULATION.

	Number.	Per cent.
<b>Americans:</b>		
Officers, deck department .....	1	1.51
Crew, deck department .....	1	1.51
Officers, engineer's department .....	1	1.51
Crew, engineer's department .....	4	6.06
Officers, purser's department .....	4	6.06
Crew, purser's department .....	2	3.03
<b>Total Americans .....</b>	<b>13</b>	<b>19.68</b>
<b>Foreign nationalities .....</b>	<b>53</b>	<b>80.32</b>
<b>Total officers and crew .....</b>	<b>66</b>	<b>100.00</b>

Arrived, San Francisco, May 4, 1904.

List showing nationality (by birth) of officers and men comprising crew of the American steamship *Acapulco*, voyage 97.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	1	1	2	5	3	2	14	21.1
Great Britain .....	1		1	12		4	18	
Canada .....		1			1		2	
Central America .....		1				1	2	
Chile .....						1	1	
Denmark .....	1						1	
France .....		1				1	2	
Germany .....				3		1	4	
Greece .....		2					2	
Holland .....						1	1	
India .....		1					1	
Italy .....						1	1	
Mexico .....		5		1		1	7	
Norway .....	1	1					2	
Peru .....						1	1	
Sweden .....		1		1			2	
South America .....						1	1	
West Indies .....			1		1	2	4	
<b>Total .....</b>	<b>4</b>	<b>14</b>	<b>4</b>	<b>22</b>	<b>5</b>	<b>17</b>	<b>66</b>	

# 1392 HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION.

*List showing nationality (by birth) of officers and men comprising crew of the American steamship Acapulco, voyage 97—Continued.*

## RECAPITULATION.

	Number.	Per cent.
Americans:		
Officers, deck department .....	1	1.5
Crew, deck department .....	1	1.5
Officers, engineer's department .....	2	3.0
Crew, engineer's department .....	5	7.6
Officers, purser's department .....	3	4.5
Crew, purser's department .....	2	3.0
Total Americans .....	14	21.1
Foreign nationalities .....	52	78.9
Total officers and crew .....	66	100.0

Arrived San Francisco June 29, 1804.

*List showing nationality (by birth) of officers and men comprising crew of the American steamship Aztec, voyage 6.*

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	1	2	4	1			8	19.5
Great Britain .....	2	1			1		4	
Colombia .....						2	2	
Denmark .....				1			1	
France .....				1			1	
Germany .....		1		1	1		3	
Greece .....		1		3		1	5	
Mexico .....		2		1		1	4	
Peru .....				1			1	
Russia .....				4			4	
Spain .....				2			2	
Sweden .....	1	1					2	
South America .....		1					1	
West Indies .....					1	2	3	
Total .....	4	9	4	15	3	6	41	

## RECAPITULATION.

	Number.	Per cent.
Americans:		
Officers, deck department .....	1	2.4
Crew, deck department .....	2	4.9
Officers, engineer's department .....	4	9.8
Crew, engineer's department .....	1	2.4
Total Americans .....	8	19.5
Foreign nationalities .....	33	80.5
Total officers and crew .....	41	100.0

Sailed, San Francisco, December 30, 1903.

# HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION. 1393

List showing nationality (by birth) of officers and men comprising crew of the American steamship *Barracouta*, voyage 12.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....		1	3		4	3	11	18.8
Great Britain .....	2	2	1	1			6	
Canada .....					1		1	
Chile .....		3		2			5	
Germany .....		1				1	2	
Greece .....		4					4	
Holland .....						1	1	
Mexico .....		4		7			11	
Panama .....					1	3	4	
Peru .....				4			4	
Russia .....	1						1	
Sweden .....	1						1	
South America .....				1			1	
West Indies .....				1		7	8	
Total .....	4	15	4	16	6	15	60	

## RECAPITULATION.

	Number.	Per cent.
Americans:		
Crew, deck department .....	1	1.6
Officers, engineer's department .....	3	5.0
Officers, purser's department .....	4	6.7
Crew, purser's department .....	3	5.0
Total Americans .....	11	18.3.
Foreign nationalities .....	49	81.7
Total officers and crew .....	60	100.0

Arrived San Francisco July 8, 1904.

List showing nationality (by birth) of officers and men comprising crew of the American steamship *China*, voyage 68.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	3		3	6	4	2	18	51.4
Austria .....		1				1	2	
Great Britain .....	1	1		2	1		5	
Germany .....			1			1	2	
Holland .....		1					1	
Norway .....		1		1			2	
Sweden .....		2		1			3	
Switzerland .....						1	1	
West Indies .....					1		1	
Total .....	4	6	4	10	6	5	35	

# 1394 HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION.

List showing nationality (by birth) of officers and men comprising crew of the American steamship *China*, voyage 68—Continued.

## RECAPITULATION.

	Number.	Per cent.
<b>Americans:</b>		
Officers, deck department .....	3	8.6
Officers, engineer's department .....	3	8.6
Crew, engineer's department .....	6	17.1
Officers, purser's department .....	4	11.4
Crew, purser's department .....	2	5.7
<b>Total Americans .....</b>	<b>18</b>	<b>51.4</b>
<b>Foreign nationalities .....</b>	<b>17</b>	<b>48.6</b>
<b>Total officers and crew .....</b>	<b>35</b>	<b>100.0</b>

Arrived San Francisco May 2, 1904.

List showing nationality, by birth, of officers and men comprising crew of the American steamship *Colon*, voyage 54.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	2	1	4	7	5	2	21	31.6
Great Britain .....	2	1		5	1	3	12	
Canada .....		1					1	
Central America .....		1					1	
Chile .....				2			2	
Colombia .....		1		2		1	4	
France .....	1	1		1			2	
Germany .....						1	1	
Greece .....		4					4	
Mexico .....		3		3			6	
Norway .....		1					1	
Panama .....						1	1	
Peru .....						1	1	
Russia .....				1			1	
Switzerland .....		1					1	
South America .....				1			1	
West Indies .....						4	4	
Hawaiian Islands .....						1	1	
Philippine Islands .....						1	1	
<b>Total .....</b>	<b>4</b>	<b>15</b>	<b>4</b>	<b>22</b>	<b>6</b>	<b>15</b>	<b>66</b>	

## RECAPITULATION.

	Number.	Per cent.
<b>Americans:</b>		
Officers, deck department .....	2	3.0
Crew, deck department .....	1	1.5
Officers, engineer's department .....	4	6.0
Crew, engineer's department .....	7	10.6
Officers, purser's department .....	5	7.5
Crew, purser's department .....	2	3.0
<b>Total Americans .....</b>	<b>21</b>	<b>31.6</b>
<b>Foreign nationalities .....</b>	<b>45</b>	<b>68.4</b>
<b>Total officers and crew .....</b>	<b>66</b>	<b>100.0</b>

Arrived San Francisco March 17, 1904.



HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION. 1395

List showing nationality (by birth) of officers and men comprising crew of the American steamship Korea, voyage 8.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	6	5	9	12	6	3	41	73
Great Britain .....		2	1	4		2	9	
Canada .....				1		1	2	
Denmark .....				1			1	
France .....						1	1	
Germany .....				1		1	2	
Total .....	6	7	10	19	6	8	56	

RECAPITULATION.

	Number.	Per cent.
American:		
Officers, deck department .....	6	10.7
Crew, deck department .....	5	8.9
Officers, engineer's department .....	9	16.0
Crew, engineer's department .....	12	21.4
Officers, purser's department .....	6	10.7
Crew, purser's department .....	3	5.3
Total Americans .....	41	73.0
Foreign nationalities .....	15	27.0
Total officers and crew .....	56	100.0

Arrived San Francisco, April 6, 1904.

List showing nationality (by birth) of officers and men comprising crew of the American steamship Korea, voyage 9.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	5	4	5	12	7	3	36	64
Australia .....		1	1				2	
Great Britain .....	1		3	3		2	9	
Belgium .....		1					1	
Canada .....				1		1	2	
Denmark .....				1			1	
France .....						1	1	
Germany .....		1		1		1	3	
Norway .....			1				1	
Total .....	6	7	10	18	7	8	56	

RECAPITULATION.

	Number.	Per cent.
Americans:		
Officers, deck department .....	5	8.9
Crew, deck department .....	4	7.1
Officers, engineer's department .....	5	8.9
Crew, engineer's department .....	12	21.3
Officers, purser's department .....	7	12.5
Crew, purser's department .....	3	5.3
Total Americans .....	36	64.0
Foreign nationalities .....	20	36.0
Total officers and crew .....	56	100.0

Arrived San Francisco, June 30, 1904.

1396 HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION.

List showing nationality (by birth) of officers and men comprising crew of the American steamship *Mongolia*, voyage 1.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	3	4	9	13	4	4	37	67.3
Australia .....						1	1	
Great Britain .....	3	3	1	3	3	1	14	
Canada .....						1	1	
Germany .....						1	1	
Hawaiian Islands .....				1			1	
Total .....	6	7	10	17	7	8	55	

RECAPITULATION.

	Number.	Per cent.
Americans:		
Officers, deck department .....	8	5.3
Crew, deck department .....	4	7.3
Officers, engineer's department .....	9	16.5
Crew, engineer's department .....	13	23.6
Officers, purser's department .....	4	7.3
Crew, purser's department .....	4	7.3
Total Americans .....	37	67.3
Foreign nationalities .....	18	32.7
Total officers and crew .....	55	100.0

Arrived, San Francisco, July 15, 1904.

List showing nationality (by birth) of officers and men comprising crew of the American steamship *Newport*, voyage 34.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	1	1	3	5	5	6	21	33.9
Great Britain .....	2	2					4	
Canada .....		1					1	
Central America .....				1			1	
Chile .....	1						1	
Colombia .....				5		1	6	
Denmark .....					1		1	
Germany .....			1	2		2	5	
Greece .....		4					4	
Mexico .....		3		4			7	
Portugal .....						1	1	
Panama .....		2				1	3	
Russia .....		2					2	
West Indies .....						3	3	
Hawaiian Islands .....				1			1	
Philippine Islands .....						1	1	
Total .....	4	15	4	18	6	15	62	

# HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION. 1397

*List showing nationality (by birth) of officers and men comprising crew of the American steamship Newport, voyage 34—Continued.*

## RECAPITULATION.

	Number.	Per cent.
<b>Americans:</b>		
Officers, deck department .....	1	1.6
Crew, deck department .....	1	1.6
Officers, engineer's department .....	3	4.8
Crew, engineer's department .....	5	8.1
Officers, purser's department .....	5	8.1
Crew, purser's department .....	6	9.7
Total Americans .....	21	33.9
Foreign nationalities .....	41	66.1
Total officers and crew .....	62	100.0

*List showing nationality (by birth) of officers and men comprising crew of the American steamship Newport, voyage 35.*

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	1	2	3	7	5	4	22	35.4
Austria .....						1	1	
Great Britain .....	2	2					4	
Canada .....		1					1	
Central America .....				1			1	
Chile .....	1						1	
Colombia .....				4		2	6	
Denmark .....					1		1	
Germany .....			1	1		2	4	
Greece .....		3					3	
Mexico .....		3		4		1	8	
Portugal .....						1	1	
Panama .....		1				1	2	
Russia .....		1					1	
Spain .....		1					1	
West Indies .....						3	3	
Hawaiian Islands .....				1			1	
Philippine Islands .....						1	1	
Total .....	4	14	4	18	6	16	62	

## RECAPITULATION.

	Number.	Per cent.
<b>Americans:</b>		
Officers, deck department .....	1	1.6
Crew, deck department .....	2	3.2
Officers, engineer's department .....	3	4.8
Crew, engineer's department .....	7	11.3
Officers, purser's department .....	5	8.1
Crew, purser's department .....	4	6.4
Total Americans .....	22	35.4
Foreign nationalities .....	40	64.6
Total officers and crew .....	62	100.0

Arrived San Francisco, June 1, 1904.

# 1398 HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION.

List showing nationality (by birth) of officers and men comprising crew of the American steamship *City of Panama*, voyage 47.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	4	1	4	3	4	4	20	33.3
Great Britain .....	1	1					2	
Central America .....		1		2			3	
Chile .....				3		1	4	
Denmark .....		1			1		2	
Germany .....		1		1		2	4	
Greece .....		6		2			8	
Mexico .....		3		2		2	7	
Panama .....						2	2	
Peru .....				2			2	
West Indies .....		1				5	6	
Total .....	5	15	4	15	5	16	60	

## RECAPITULATION.

	Number.	Per cent.
Americans:		
Officers, deck department .....	4	6.7
Crew, deck department .....	1	1.7
Officers, engineer's department .....	4	6.7
Crew, engineer's department .....	3	5.0
Officers, purser's department .....	4	6.6
Crew, purser's department .....	4	6.6
Total Americans .....	20	33.3
Foreign nationalities .....	40	66.7
Total officers and crew .....	60	100.0

Arrived San Francisco, February 17, 1904.

List showing nationality (by birth) of officers and men comprising crew of the American steamship *City of Panama*, voyage 48.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	3	1	4	2	5		15	25
Australia .....					1		1	
Austria .....		1					1	
Great Britain .....	1	2			2		5	
Canada .....		1					1	
Central America .....				2			2	
Chile .....		1		4		1	6	
Denmark .....					1		1	
Germany .....		1		2	1	2	5	
Greece .....		4		1			5	
Mexico .....		1		2		2	5	
Panama .....				2		2	2	
Peru .....		2				1	5	
South America .....		1		2			1	
West Indies .....				1		4	5	
Total .....	4	15	4	16	6	15	60	

# HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION. 1399

*List showing nationality (by birth) of officers and men comprising crew of the American steamship City of Panama, voyage 48—Continued.*

## RECAPITULATION.

	Number.	Per cent.
<b>Americans:</b>		
Officers, deck department .....	3	5.0
Crew, deck department .....	1	1.7
Officers, engineer's department .....	4	6.7
Crew, engineer's department .....	2	3.3
Officers, purser's department .....	5	8.3
Total Americans .....	15	25.0
Foreign nationalities .....	45	75.0
Total officers and crew .....	60	100.0

Arrived San Francisco April 22, 1904.

*List showing nationality (by birth) of officers and men comprising crew of the American steamship City of Panama, voyage 49.*

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	3	2	3		5	8	16	26.6
Australia .....						1	1	
Austria .....		1					1	
Great Britain .....	1	1	1	1		2	6	
Central America .....		1		3			4	
Chile .....		1		2		1	4	
Denmark .....					1		1	
Germany .....		1		3		2	6	
Greece .....		4		2			6	
Mexico .....		2		1		1	4	
Panama .....				1			1	
Peru .....		1		2			3	
South America .....		1				1	2	
West Indies .....				1		4	5	
Total .....	4	15	4	16	6	15	60	

## RECAPITULATION.

	Number.	Per cent.
<b>Americans:</b>		
Officers, deck department .....	3	5.0
Crew, deck department .....	2	3.3
Officers, engineer's department .....	3	5.0
Officers, purser's department .....	5	8.3
Crew, purser's department .....	3	5.0
Total Americans .....	16	26.6
Foreign nationalities .....	44	73.4
Total officers and crew .....	60	100.0

Arrived San Francisco, June 26, 1904.

## 1400 HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION.

List showing nationality (by birth) of officers and men comprising crew of the American steamship *City of Para*, voyage 37.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	2		4	4	6	2	18	25.3
Australia .....		1		1			2	
Great Britain .....	2	2		3		5	12	
Central America .....				1			1	
Chile .....		1		1		1	3	
Colombia .....				2			3	
Germany .....			2	1		1	4	
Greece .....		2		1			3	
Italy .....		1					1	
Mexico .....		5		7			12	
Peru .....		2		2		2	6	
Russia .....	1						1	
Spain .....						3	3	
Sweden .....				2			2	
Total .....	5	14	6	25	6	15	71	

## RECAPITULATION.

	Number.	Per cent.
Americans:		
Officers, deck department .....	2	2.8
Officers, engineer's department .....	4	5.6
Crew, engineer's department .....	4	5.6
Officers, purser's department .....	6	8.5
Crew, purser's department .....	2	2.8
Total Americans .....	18	25.3
Foreign nationalities .....	53	74.7
Total officers and crew .....	71	100.0

Arrived San Francisco April 6, 1904.

List showing nationality (by birth) of officers and men comprising crew of the American steamship *City of Para*, voyage 38.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	2	3	4	2	7	4	22	30.9
Austria .....		2					2	
Great Britain .....	1	1		1		3	6	
Belgium .....						1	1	
Central America .....		1					1	
Chile .....		1				1	2	
Colombia .....				2			2	
France .....				1			1	
Germany .....			2	6		1	9	
Greece .....				1			1	
Holland .....		1					1	
Mexico .....		4		8			12	
Panama .....						2	2	
Peru .....		2		2		1	5	
Russia .....	1						1	
Spain .....				1			1	
Sweden .....				1			1	
South America .....						1	1	
Total .....	4	15	6	25	7	14	71	

# HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION. 1401

List showing nationality (by birth) of officers and men comprising crew of the American steamship *City of Para*, voyage 38—Continued.

## RECAPITULATION.

	Number.	Percent.
<b>Americans:</b>		
Officers, deck department.....	2	2.8
Crew, deck department.....	3	4.2
Officers, engineer's department.....	4	5.6
Crew, engineer's department.....	2	2.8
Officers, purser's department.....	7	9.9
Crew, purser's department.....	4	5.6
Total Americans.....	22	30.9
Foreign nationalities.....	49	69.1
Total officers and crew.....	71	100.0

Arrived San Francisco, June 10, 190-.

List showing nationality (by birth) of officers and men comprising crew of the American steamship *City of Peking*, voyage 2.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Percent.
America.....	3	2	3	12	1	8	24	34.2
Great Britain.....		1	1	1	1	2	6	
Canada.....						1	1	
Chile.....				3			3	
Colombia.....						1	1	
France.....					1		1	
Germany.....		1		4			5	
Greece.....		10		8			18	
Italy.....						1	1	
Mexico.....				4			4	
Panama.....				1			1	
Spain.....				1			1	
Sweden.....		1					1	
Switzerland.....				1			1	
West Indies.....						2	2	
Total.....	3	15	4	35	3	10	70	

## RECAPITULATION.

	Number.	Percent.
<b>Americans:</b>		
Officers, deck department.....	3	4.3
Crew, deck department.....	2	2.8
Officers, engineer's department.....	3	4.3
Crew, engineer's department.....	12	17.1
Officers, purser's department.....	1	1.4
Crew, purser's department.....	3	4.3
Total Americans.....	24	34.2
Foreign nationalities.....	46	65.8
Total officers and crew.....	70	100.0

Arrived San Francisco June 4, 1904.

# 1402 HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION.

List showing nationality (by birth) of officers and men comprising crew of the American steamship Peru, voyage 21.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....			3	13	6	6	28	40
Australia .....		1					1	
Great Britain .....	2	1		2		1	6	
Central America .....		2					2	
Chile .....						2	2	
Colombia .....		1				1	2	
Denmark .....	1	1					2	
Germany .....	1		1	1		1	4	
Greece .....		2		4			6	
Mexico .....		4		5			9	
Peru .....		2					2	
Sweden .....		1					1	
West Indies .....						5	5	
Total .....	4	15	4	25	6	16	70	

## RECAPITULATION.

	Number.	Per cent.
Americans:		
Officers, engineer's department .....	3	4.3
Crew, engineer's department .....	13	18.6
Officers, purser's department .....	6	8.5
Crew, purser's department .....	6	8.6
Total Americans .....	28	40.0
Foreign nationalities .....	42	60.0
Total officers and crew .....	70	100.0

Arrived San Francisco March 4, 1904.

List showing nationality (by birth) of officers and men comprising crew of the American steamship Peru, voyage 22.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....			4	9	6	6	25	35.6
Australia .....		1					1	
Great Britain .....	2	1		2		1	6	
Canada .....				1			1	
Central America .....				1			1	
Chile .....				1		1	2	
Colombia .....		1				1	2	
Denmark .....	1	1					2	
Germany .....	1			1		1	3	
Greece .....		4		4			8	
Mexico .....	1	3		5			9	
Peru .....		2				1	3	
Sweden .....		1		1			2	
West Indies .....						5	5	
Total .....	5	14	4	25	6	16	70	



# HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION. 1403

*List showing nationality (by birth) of officers and men comprising crew of the American steamship Peru, voyage 22—Continued.*

## RECAPITULATION.

	Number.	Per cent.
<b>Americans:</b>		
Officers, engineer's department.....	4	5.7
Crew, engineer's department.....	9	12.9
Officers, purser's department.....	6	8.5
Crew, purser's department.....	6	8.5
<b>Total Americans.....</b>	<b>25</b>	<b>35.6</b>
<b>Foreign nationalities.....</b>	<b>45</b>	<b>64.4</b>
<b>Total officers and crew.....</b>	<b>70</b>	<b>100.0</b>

Arrived San Francisco May 16, 1904.

*List showing nationality (by birth) of officers and men comprising crew of the American steamship San Juan, voyage 93.*

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America.....	2	1	3	3	5	3	17	28.3
Austria.....				1		1	2	
Great Britain.....		1		3	1	4	9	
Belgium.....						1	1	
Central America.....		1		1			2	
Denmark.....			1				1	
Germany.....		1				1	2	
Greece.....		6		2		1	9	
Italy.....				1			1	
Mexico.....		4		3		1	8	
Norway.....	1	1				1	3	
Panama.....						1	1	
Peru.....				1			1	
Sweden.....	1						1	
West Indies.....				1		1	2	
<b>Total.....</b>	<b>4</b>	<b>15</b>	<b>4</b>	<b>16</b>	<b>6</b>	<b>15</b>	<b>60</b>	

## RECAPITULATION.

	Number.	Per cent.
<b>Americans:</b>		
Officers, deck department.....	2	3.3
Crew, deck department.....	1	1.7
Officers, engineer's department.....	3	5.0
Crew, engineer's department.....	3	5.0
Officers, purser's department.....	5	8.3
Crew, purser's department.....	3	5.0
<b>Total Americans.....</b>	<b>17</b>	<b>28.3</b>
<b>Foreign nationalities.....</b>	<b>43</b>	<b>71.7</b>
<b>Total officers and crew.....</b>	<b>60</b>	<b>100.0</b>

Arrived San Francisco March 12, 1904.

1404 HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION.

List showing nationality (by birth) of officers and men comprising crew of the American steamship *San Juan*, voyage 94.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	2	1	3	2	5	3	16	26.6
Australia .....						1	1	
Austria .....		1		1			2	
Great Britain .....				2	1	3	6	
Canada .....						2	2	
Central America .....		1					1	
Chili .....						1	1	
Denmark .....			1	1			2	
Germany .....		1		1		1	3	
Greece .....		7		3			10	
Italy .....				1			1	
Mexico .....		2		4			6	
Norway .....	1	1				1	3	
Panama .....						1	1	
Russia .....		1					1	
Sweden .....	1						1	
West Indies .....				1		2	3	
Total .....	4	15	4	16	6	15	60	

RECAPITULATION.

	Number.	Per cent.
Americans:		
Officers, deck department .....	2	3.3
Crew, deck department .....	1	1.7
Officers, engineer's department .....	3	5.0
Crew, engineer's department .....	2	3.3
Officers, purser's department .....	5	8.3
Crew, purser's department .....	3	5.0
Total Americans .....	16	26.6
Foreign nationalities .....	44	73.4
Total officers and crew .....	60	100.0

Arrived San Francisco May 18, 1904.

List showing nationality (by birth) of officers and men comprising crew of the American steamship *San Jose*, voyage 103.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	3	2	3	3	5	3	19	31.6
Austria .....		1					1	
Great Britain .....	1			2		3	6	
Canada .....			1			2	3	
Central America .....		1		2			3	
Colombia .....				2		1	3	
Germany .....		2		2			4	
Greece .....		2				1	3	
Mexico .....		6		3			9	
Panama .....				1		1	2	
Peru .....				1			1	
Sweden .....		1					1	
West Indies .....					1	4	5	
Total .....	4	15	4	16	6	15	60	

HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION. 1405

List showing nationality (by birth) of officers and men comprising crew of the American steamship *San Jose*, voyage 103—Continued.

RECAPITULATION.

	Number.	Per cent.
<b>Americans:</b>		
Officers, deck department .....	3	5.0
Crew, deck department .....	2	3.3
Officers, engineer's department .....	3	5.0
Crew, engineer's department .....	3	5.0
Officers, purser's department .....	5	8.3
Crews, purser's department .....	3	5.0
<b>Total Americans .....</b>	<b>19</b>	<b>31.6</b>
<b>Foreign nationalities .....</b>	<b>41</b>	<b>68.4</b>
<b>Total officers and crew .....</b>	<b>60</b>	<b>100.0</b>

Arrived San Francisco, April 13, 1904.

List showing nationality (by birth) of officers and men comprising crew of the American steamship *San Jose*, voyage 104.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	3		3	5	5	4	20	33.2
Great Britain .....		3		3		1	7	
Canada .....		1	1			1	3	
Chile .....				1			1	
Colombia .....				1			1	
Denmark .....	1						1	
Germany .....		2		1		1	4	
Greece .....		3		1		1	5	
Japan .....						2	2	
Mexico .....		6		2		2	10	
Peru .....				1			1	
Spain .....				1			1	
West Indies .....					1	3	4	
<b>Total .....</b>	<b>4</b>	<b>15</b>	<b>4</b>	<b>16</b>	<b>6</b>	<b>15</b>	<b>60</b>	

RECAPITULATION.

	Number.	Per cent.
<b>Americans:</b>		
Officers, deck department .....	3	5.0
Officers, engineer's department .....	3	5.0
Crew, engineer's department .....	5	8.3
Officers, purser's department .....	5	8.3
Crew, purser's department .....	4	6.6
<b>Total Americans .....</b>	<b>20</b>	<b>33.2</b>
<b>Foreign nationalities .....</b>	<b>40</b>	<b>66.8</b>
<b>Total officers and crew .....</b>	<b>60</b>	<b>100.0</b>

Arrived San Francisco, June 18, 1904.

1406 HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION.

List showing nationality (by birth) of officers and men comprising crew of the American steamship *Siberia*, voyage 5.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	3	4	9	12	3	3	34	60.4
Australia .....					1	1	2	
Great Britain .....	2	1	1	1	1	2	8	
Canada .....					2		2	
Central America .....				1			1	
Germany .....	1			2		2	5	
Greece .....		1					1	
Holland .....				1			1	
Sweden .....		1		1			2	
Total .....	6	7	10	18	7	8	56	

RECAPITULATION.

	Number.	Per cent.
Americans:		
Officers, deck department.....	3	5.3
Crew, deck department.....	4	7.1
Officers, engineer's department.....	9	16.1
Crew, engineer's department.....	12	21.8
Officers, purser's department.....	3	5.3
Crew, purser's department.....	3	5.3
Total Americans.....	34	60.4
Foreign nationalities.....	22	39.6
Total officers and crew.....	56	100.0

Arrived San Francisco March 11, 1904.

List showing nationality (by birth) of officers and men comprising crew of the American steamship *Siberia*, voyage 6.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	2	4	8	16	4	3	37	65.9
Australia .....					1		1	
Great Britain .....	2	1	1	1	1	3	9	
Canada .....	1		1		1		3	
Central America .....				1			1	
Germany .....	1					2	3	
Norway .....		1					1	
Sweden .....		1					1	
Total .....	6	7	10	18	7	8	56	

# HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION. 1407

*List showing nationality (by birth) of officers and men comprising crew of the American steamship Siberia, voyage 6—Continued.*

## RECAPITULATION.

	Number.	Percent.
<b>Americans:</b>		
Officers, deck department .....	2	3.5
Crew, deck department .....	4	7.1
Officers, engineer's department .....	8	4.3
Crew, engineer's department .....	16	18.6
Officers, purser's department .....	4	27.1
Crew, purser's department .....	3	5.3
<b>Total Americans .....</b>	<b>37</b>	<b>65.9</b>
<b>Foreign nationalities .....</b>	<b>19</b>	<b>34.1</b>
<b>Total officers and crew .....</b>	<b>56</b>	<b>100.0</b>

Arrived San Francisco May 27, 1904.

*List showing nationality (by birth) of officers and men comprising crew of the American steamship City of Sydney, voyage 75.*

Nationality.	Deck department.		Engineer's Department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	1	3	3	5	1	3	16	22.8
Great Britain .....	1	1	1	1	3	1	8	
Canada .....					1	1	2	
Central America .....		2					2	
Chile .....		2		2			4	
Columbia .....				1			1	
Denmark .....	1					1	2	
France .....				1			1	
Germany .....		1		1		1	3	
Greece .....				2			2	
Italy .....				1			1	
Mexico .....		5		6		1	12	
Norway .....	1						1	
Panama .....						1	1	
Peru .....		1		1		1	3	
Russia .....				1			1	
Spain .....				1		1	2	
South America .....					1		1	
West Indies .....				1		5	6	
Egypt .....				1			1	
<b>Total .....</b>	<b>4</b>	<b>15</b>	<b>4</b>	<b>25</b>	<b>6</b>	<b>16</b>	<b>70</b>	

## RECAPITULATION.

	Number.	Per cent.
<b>Americans:</b>		
Officers, deck department .....	1	1.4
Crew, deck department .....	3	4.3
Officers, engineer's department .....	3	4.3
Crew, engineer's department .....	5	7.1
Officers, purser's department .....	1	1.4
Crew, purser's department .....	3	4.3
<b>Total Americans .....</b>	<b>16</b>	<b>22.8</b>
<b>Foreign nationalities .....</b>	<b>54</b>	<b>77.2</b>
<b>Total officers and crew .....</b>	<b>70</b>	<b>100.0</b>

Arrived San Francisco March 22, 1904.

1408 HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION.

List showing nationality (by birth) of officers and men comprising crew of the American steamship *City of Sydney*, voyage 76.

Nationality.	Deck department.		Engineer's department.		Purser's department.		Total.	
	Officers.	Crew.	Officers.	Crew.	Officers.	Crew.	Officers and crew.	Per cent.
America .....	1	2	3	5	2	4	17	24.1
Great Britain .....	2	1	1	3	3	2	12	
Canada .....					1	1	2	
Central America .....		3					3	
Chile .....				4			4	
Columbia .....				1			1	
France .....				1			1	
Germany .....		1		1			2	
Italy .....				1			1	
Mexico .....		6		2		1	9	
Norway .....	1						1	
Panama .....		1		1		2	3	
Peru .....		1		4		1	6	
Spain .....				1		1	2	
South America .....					1		1	
West Indies .....				1		4	5	
Total .....	4	14	4	25	7	16	70	

RECAPITULATION.

	Number.	Per cent.
Americans:		
Officers, deck department .....	1	1.4
Crew, deck department .....	2	2.8
Officers, engineer's department .....	3	4.3
Crew, engineer's department .....	5	7.1
Officers, purser's department .....	2	2.8
Crew, purser's department .....	4	5.7
Total Americans .....	17	24.1
Foreign nationalities .....	53	75.9
Total officers and crew .....	70	100.0

Arrived San Francisco May 27, 1904

MISCELLANEOUS STATEMENTS.

[Submitted by Mr. R. P. Schwerin.]

SUMMARY.

- No. 1. Actual cost of feeding officers and crews, Panama Line (as operated with European crews).  
 No. 2. Comparative statement of cost of feeding on Trans-Pacific Line (mixed crew—Europeans and Asiatics versus European crews only).  
 No. 3. Comparative statement showing cost of operating Trans-Pacific steamers with mixed European and Asiatic crew versus European.  
 No. 4. Rates of wages paid out of the port of San Francisco—coasting vessels and deep-sea sailing ships.  
 No. 5. Rates of wages paid out of the port of San Francisco—steamers of the Oregon Railroad and Navigation Company, Pacific Coast Steamship Company, and American-Hawaiian Steamship Company.  
 No. 6. Rates of wages paid to mechanics in San Francisco—maintaining and repairing steamers.

*Statement showing cost of feeding officers and crews on Pacific Mail Steamship Company's steamers, Panama line.*

[European crews only.]

Steamer.	Number of crew.	Actual cost to Pacific Mail Steamship Co. feeding crew per day.	Cost based on Government regulations would be per day.	Actual cost to Pacific Mail Steamship Co. feeding crew per year.	Cost based on Government regulations would be per year.
Acapulco.....	66	\$32.30	\$23.76	\$11,789.50	\$8,672.40
Barracouta.....	60	29.90	21.60	10,913.50	7,884.00
City of Panama.....	60	29.90	21.60	10,913.50	7,884.00
City of Para.....	71	34.80	25.56	12,702.00	9,329.40
City of Peking.....	85	40.85	30.60	14,910.25	11,169.00
City of Sydney.....	70	34.45	25.20	12,574.25	9,198.00
Costa Rica.....	58	28.85	20.88	10,530.25	7,621.20
Newport.....	62	30.70	22.32	11,205.50	8,146.80
Peru.....	70	34.45	25.20	12,574.25	9,198.00
San Jose.....	60	29.90	21.60	10,913.50	7,884.00
San Juan.....	60	29.90	21.60	10,913.50	7,884.00
Total.....		356.00	259.92	129,940.00	94,870.80
Cost of feeding crew if Government regulations only were furnished.....		259.92		94,870.80	
Difference equals cost to Pacific Mail Steamship Co. in excess of Government requirements.....		96.08		35,069.20	

*Statement showing cost of feeding officers and crews on Pacific Mail Steamship Company's steamers—Trans-Pacific Line.*

[Mixed crew—Europeans and Asiatics versus European crew only.]

Steamer.	Actual cost with present mixed crew (Europeans and Asiatics).			Cost of feeding crew if Europeans were substituted for the Asiatics now employed.			Increase in cost of feeding incurred by substitution of Europeans for Asiatics.	
	Number of crew.	Cost of feeding crew per day.	Cost of feeding crew per year.	Number of crew.	Cost of feeding crew per day.	Cost of feeding crew per year.	Cost per day.	Cost per year.
China.....	171	\$34.00	\$12,410.00	153	\$77.32	\$28,281.80	\$43.32	\$15,811.80
Korea.....	293	55.18	20,140.00	261	133.61	48,767.65	78.43	28,627.65
Siberia.....	297	55.58	20,286.70	261	133.61	48,767.65	78.08	28,480.95
Mongolia.....	262	51.68	18,863.20	239	123.92	45,230.65	72.24	26,367.45
Manchuria.....	262	51.68	18,863.20	239	123.92	45,230.65	72.24	26,367.45
Total.....	1,285	248.12	90,563.10	1,158	592.38	216,218.40	344.26	125,655.30

# 1410 HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION.

*Statement showing comparative cost of operating trans-Pacific steamers with mixed European and Asiatic crews versus European.*

Steamer.	Actual cost per annum with present mixed crew of Europeans and Asiatics.			Cost if Europeans were substituted for Asiatics.			Increased expense, Europeans.
	Wages.	Feeding.	Total.	Wages.	Feeding.	Total.	
China .....	\$38,106.24	\$12,410.00	\$50,516.24	\$80,580.00	\$28,221.80	\$108,801.80	\$58,285.56
Korea .....	61,032.36	20,140.00	81,172.36	132,603.00	48,767.65	181,370.65	100,198.29
Siberia .....	61,032.36	20,140.00	81,172.36	132,603.00	48,767.65	181,370.65	100,198.29
Mongolia .....	58,364.64	18,863.20	77,227.84	120,903.00	45,230.65	166,133.65	88,905.81
Manchuria .....	58,364.64	18,863.20	77,227.84	120,903.00	45,230.65	166,133.65	88,905.81
Total .....	276,900.24	90,416.40	367,316.64	587,592.00	216,218.40	803,810.40	436,493.76

*Statement showing the rates of wages paid out of the port of San Francisco.*

## STEAM SCHOONERS.

	Robert Dollar, 798 tons. <sup>a</sup>		Sequoia, 519 tons. <sup>a</sup>	
	Number.	Rate per month.	Number.	Rate per month.
Captain .....	1	\$150.00	1	\$150.00
First officer .....	1	90.00	1	90.00
Chief engineer .....	1	150.00	1	150.00
Second officer .....	1	75.00	1	75.00
Seamen .....	8	360.00	8	360.00
First assistant engineer .....	1	90.00	1	90.00
Second engineer .....	1	75.00		
Oilers .....	2	90.00		
Firemen .....	4	200.00	3	150.00
Cook .....	1	70.00	1	70.00
Waiters .....	2	60.00	1	30.00
Total .....	23	1,410.00	18	1,165.00

<sup>a</sup> American vessels plying on Pacific coast.

## SAILING SHIPS.

	Gov. Roble, 1,713 tons. <sup>b</sup>		W. P. Frye, 3,374 tons. <sup>c</sup>		Wm. G. Irvine, 348 tons. <sup>a</sup>		General de Boissodre, 2,307 tons. <sup>d</sup>	
	Number.	Rate per month.	Number.	Rate per month.	Number.	Rate per month.	Number.	Rate per month.
Captain .....	1	\$125.00	1	\$150.00	1	\$100.00	1	\$45.00
First mate .....	1	55.00	1	60.00	1	60.00	1	36.00
Second mate .....	1	40.00	1	45.00	1	50.00	1	18.00
Carpenter .....	1	40.00					1	14.40
Able-bodied seamen .....	10	250.00	25	450.00	5	200.00	12	172.80
Steward .....	1	25.00						
Cook .....	1	45.00	1	35.00	1	55.00	1	17.10
1 boatswain .....			1	30.00			1	19.80
2 boatswains .....			1	25.00				
1 boy .....			1	15.00				
Engineer .....							1	4.50
1 seaman (ordinary) .....							1	16.20
2 seamen (ordinary) .....							1	9.00
2 boy .....							1	10.80
Apprentices .....							2	5.40
Total .....	16	580.00	32	810.00	9	465.00	25	363.40

<sup>a</sup> American vessel plying on Pacific coast.

<sup>b</sup> American deep-sea vessel plying between San Francisco and South Africa.

<sup>c</sup> American deep-sea sailing ship, largest size.

<sup>d</sup> French deep-sea sailing ship plying between France and San Francisco.



*Statement showing the rates of wages paid out of the port of San Francisco.*

STEAMERS.

	Oregon R. R. and Navigation Co.: Columbia, 2,721 tons, operating between San Francisco and Portland.		Pacific Coast Steamship Co.: City of Puebla, 2,624 tons, oper- ating between San Francisco and Victoria.		American-Ha- waiian: Texan, 8,615 tons, oper- ating between San Francisco and New York.		Pacific Coast Steamship Co.: Umatilla, 3,070 tons, operating between San Francisco and Victoria.	
	Num- ber.	Rate per month.	Num- ber.	Rate per month.	Num- ber.	Rate per month.	Num- ber.	Rate per month.
Captain.....	1	\$200	1	\$200	1	\$200	1	\$200
First officer.....	1	90	1	90	1	80	1	90
Chief engineer.....	1	150	1	150	1	150	1	150
Purser.....	1	90	1	90			1	90
First clerk.....			1	70			1	70
Second clerk.....			1	60			1	60
Second officer.....	1	75	1	75	1	55	1	75
Third officer.....	1	60	1	60	1	40	1	60
Fourth officer.....			1	55			1	55
Carpenter.....	1	50	1	50	1	40	1	50
Main deck watchman.....	1	45	1	45			1	45
Quartermaster.....	4	180	4	180	2	60	4	180
Seamen.....	7	315	12	540	8	200	12	360
Boatswain.....			1	50	1	30	1	50
Deck boys.....			2	60	1		2	60
First assistant engineer.....	1	90	1	90	1	90	1	90
Second assistant engineer.....	1	75	1	75	1	80	1	75
Third assistant engineer.....	1	70	1	70	1	70	1	70
Water tenders.....	3	165	2	110	3	135	2	110
Oilers.....	3	120	2	80	6	270	2	80
Firemen.....	6	300	9	450	12	420	9	450
Coal passers.....			9	360	6	150	6	240
Steward.....	1	90	1	90	1	60	1	90
Second steward.....	1	50	1	50			1	50
Stewards.....	1	40	1	40			1	40
Stewardess.....	1	25	1	25			1	25
Baker.....	1	75	1	75			1	75
Second baker.....			1	30			1	30
Porter.....	1	30	1	30			1	30
Barkeeper.....			1	40			1	40
First pantry man.....	1	40	1	40	1	35	1	40
Second pantry man.....	1	25	1	25			1	25
Chief cook.....	1	75	1	75	1	50	1	75
Second cook.....	1	50	1	50	1	40	1	50
Third cook.....	1	40	1	40			1	40
Fourth cook.....			1	30			1	30
Saloon watch.....	1	25						
Mess man.....	1	30	1	30	1	35	1	30
Mess boy.....	1	25	2	50	1	15	2	50
Walters.....	6	180	6	180			6	180
Do.....	6	150	9	225			10	250
Bell boy.....			1	15			1	15
Scullery man.....	1	30						
Total.....	61	3,065	88	4,140	53	2,305	86	3,865

*Rates of wages paid to mechanics in San Francisco maintaining and repairing steamers.*

	Per day.
Foreman.....	\$5. 00
Blacksmiths.....	3. 75 to 4. 00
Plumbers.....	3. 50 to 4. 00
Tinsmiths.....	3. 00 to 4. 00
Carpenters.....	3. 50 to 4. 00
Foreman painter.....	4. 50
Painters.....	3. 00 to 4. 00
Foreman caulker.....	5. 50
Caulkers.....	5. 00
Blacksmith helpers.....	2. 50
Tinsmith helpers.....	1. 50 to 2. 50
Plumber helpers.....	2. 50
Laborers.....	2. 00

SAN FRANCISCO, CAL., July 30, 1904.

**STATEMENT OF GEORGE W. DICKIE.**

George W. Dickie appeared.

The CHAIRMAN. Mr. Dickie, will you state to the Commission in what line of business you are engaged.

Mr. DICKIE. Shipbuilding.

The CHAIRMAN. Connected with the Union Iron Works?

Mr. DICKIE. Yes, sir.

The CHAIRMAN. The Commission will be pleased to have you make any statement along the line of their investigation.

Mr. DICKIE. Any statement I could make would be in the line of the cost of shipbuilding in this country as compared with the cost of shipbuilding in Great Britain and in Europe.

There are three elements that enter into this question—design, labor, and material. It has sometimes been said that the American naval architect might be able to modify the designs of ships so that an American built ship might be produced cheaper than the English ship—for instance, where the designer is hampered by the traditions of the business. Against that comes the fact that in the design of ships for the merchant service the naval architect is immediately confronted with the rules and regulations of the registration societies. We sometimes think that they are obstructionists, but these societies have the interests of the shipowner, the interests of the underwriter, the interests of the merchant who ships his goods in the vessel, as well as the interest of the shipbuilder to attend to, and as they are conservative they put up barriers against any change in the design of the vessels, although the naval architects of Great Britain especially have been continually pushing out these barriers and have been continually forcing the registration societies to adopt new rules that will govern the construction of ships of new design under different dimensions from what have been used before.

**AN AMERICAN REGISTRATION SOCIETY.**

If the development of American shipbuilding should ever reach such a stage as to bring about the possibility of an American registration society that would be acknowledged all over the world as equal to the others, and that society should formulate rules that would be especially applicable to the conditions in the shipyards in the United States, there might be not only some saving in the building of the ships but perhaps some advance in the character of the ships. I think, however, that the naval architects of the United States have the ability to design ships just as modern, just as effective and efficient, and ships that can be built as cheaply under like conditions as those of Great Britain or Germany. I entirely agree with Mr. Schwerin in what he said about the fact that they have been sometimes compelled to build ships that were antiquated, but that was not their fault.

**LABOR COST THE GREAT FACTOR.**

As has been mentioned here already, the great element, the controlling element really in the building of the ship, in the cost of her, is the labor. In the ordinary merchant ship—that is, in that type of ship—the cost of labor compared with the cost of all materials that are

bought is about 55 per cent. I have made estimates for quite a large number of vessels and I find that the cost of labor is about 55 per cent of the total cost; that is, the labor that is performed in the shipyard. Of course, there is other labor. The shipbuilder buys material already made and into which labor enters, but the actual labor cost to the shipyard, which includes operating expenses, is about 55 per cent. So whatever affects the cost of labor affects 55 per cent of the total cost of the ship.

#### AMERICAN NEARLY TWICE BRITISH WAGES.

I made up a statement embracing 12 yards in Great Britain—4 of them in England, 6 in Scotland, and 2 in Ireland—and I find that for the different classes of labor, comparing the different classes with each other, we are paying a rate of wages  $87\frac{1}{2}$  per cent higher here than they are paying there. In Great Britain they do more piecework than we do, and they do it under conditions that have not been possible as yet in this country. The piecework rates in Great Britain are settled for a considerable length of time ahead; settled between the representatives of the workmen, the various unions, and the representatives of the shipbuilding yards, and they remain settled. We have never been able to accomplish anything in this country in that direction. What piecework we do has to be the subject of special bargain with the men who are to do it for every piece. That makes estimating very uncertain.

It has sometimes been said that the workmen in this country produce more per unit of time than they do over there. We have not found that to be the case. The piecework rates for the North of England to-day, when compared with what we have to pay for piecework, show a difference of practically the same as the rate of wages over there. We are paying to-day 78 per cent higher piecework rates than they are paying in the North of England.

Representative MINOR. Mr. Dickie, right there, let me suggest that the Commission would be very glad to have you submit those tables which you so carefully prepared. You have them in your mind and we would like to have them in the record. They would be very useful to us. We wanted you just at this time for that purpose.

Mr. DICKIE. Certainly, sir.

The table was subsequently submitted by Mr. Dickie, as follows:

*Comparison of average wages per week paid at twelve British shipyards and the average for same class of men at the Union Iron Works, San Francisco, converted into United States money.*

	Union Iron Works.	British ship- yards.
Drafting room:		
Draftsmen .....	\$19.44	\$9.42
Apprentices .....	6.30	3.10
Pattern shop:		
Pattern makers .....	22.74	9.75
Helpers .....	13.20	6.25
Apprentices .....	6.07	3.02
Blacksmith shop:		
Blacksmiths .....	20.28	9.84
Helpers .....	13.20	6.62
Apprentices .....	6.72	3.78

## 1414 HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION.

*Comparison of average wages per week paid at twelve British shipyards and the average for same class of men at the Union Iron Works, San Francisco, etc.—Continued.*

	Union Iron Works.	British ship- yards.
Machine shop:		
Machinists.....	\$19.38	\$9.69
Helpers.....	13.44	6.86
Apprentices.....	5.58	3.06
Boiler shop:		
Laying out work.....	23.22	10.00
Boiler makers.....	19.74	9.36
Apprentices.....	7.20	3.66
Joiner shop:		
Joiners.....	21.18	9.50
Helpers.....	12.72	6.85
Apprentices.....	7.08	3.32
Ship carpenters and calkers:		
Ship carpenters and calkers.....	22.14	9.88
Helpers.....	13.20	6.62
Apprentices.....	6.76	3.32
Ship fitters:		
Fitters.....	20.10	9.50
Helpers.....	12.60	6.42
Apprentices.....	7.25	3.67
Riveters:		
Riveters.....	21.50	9.88
Drillers, chippers, and calkers.....	18.84	8.94
Helpers.....	13.28	6.72
Rivet-heater boys.....	7.80	4.20
Riggers and sailmakers:		
Riggers and sailmakers.....	17.80	8.96
Helpers.....	14.40	6.98
Boys.....	6.66	3.68
Coppersmiths:		
Coppersmiths.....	19.20	9.72
Helpers.....	13.44	7.86
Boys.....	7.20	3.86

Mr. DICKIE. If the labor costs, which I am certain it does, some 78 per cent more here than it costs there, it represents a difference of very close to 40 per cent in the completed work, so far as the shell—the hull—of the ship is concerned.<sup>a</sup> The outfit of the ship is a different question. The outfit of a vessel so far as anchor and chains and rigging, etc., are concerned, costs us here the English price plus the duty, and that is just about the same—about 40 per cent.

In regard to the woodwork that goes into the ships the difference is not quite so great as it is in the steel work. I think we get a little more result from our carpenters and joiners here than they get there. Also, it may be that we do not finish our joiner work quite so well in this country as they do there in high-class ships. I think Mr. Schwerin will bear me out in that. The finish is cheaper finish, and on that account the difference between the cost of joiner work that goes into ships here and over there is, I think, about 28 per cent, as near as I

<sup>a</sup> NOTE.—It will be noticed by the table that the difference in wages is greater than what I stated the difference in cost of labor to be, the difference being about 100 per cent as against 78 per cent as stated by me. This is accounted for by the fact that I was stating the cost of labor. Both here and in Great Britain a percentage representing the general expense account is added to the rate of pay in order to obtain labor costs. As the labor costs are much less in Great Britain than here and the general expense account practically the same, the percentage added to the actual cost of labor to cover expense account in Great Britain is much greater than here, the difference being in proportion to the different rate of wages. For instance, there from 33 to 36 per cent is added to the rate of wages for expense account, while here it is about 18 per cent, so that the statement made by me of 78 per cent greater cost of labor here is correct, taking the overhead cost of labor, which includes the operating expenses.—G. W. DICKIE.

can make it out, comparing the cost of joiner work for vessels of similar class. I had not the opportunity of comparing this with our own, except from statements made to me by one of the leading shipyards in Scotland, and they produce a very high class of work. Going over a vessel with them, practically the same as we had completed here, I found that the difference in cost was just about 28 per cent.

#### OUR SHIPS COST 35 TO 38 PER CENT MORE.

I will say that it costs about 35 to 38 per cent more on the whole vessel to build a vessel here than to build her over there. Now, that perhaps is not the difference in price, but that is the difference in cost as far as I can make it out. As already stated here to-day, the price is settled to a large extent by the necessities of the parties making the bargain.

Whether we can ever reach a point in this country where we can compete with the people over there is a question I am not prepared to give any opinion in regard to. It has often been stated that we have better facilities here. That is not the case. The British shipyard is as well fitted out for doing work as any shipyard in the world. In the question of handling, up to within four or five years ago, we had some advantage, but the overhead travelers have been adopted in the principal yards of Great Britain, and we do not have that advantage now. Some of the best tools that we use in this country have to be imported from there. Special tools, such as angle-bar edges, are not made in this country at all, and angle-bar bevelers, very important tools in the construction of vessels, we have to go over there to get. Every modern invention has been adopted there for the cheapening of work, the same as it is here, and I can not see where we are to get any advantage from any development which may take place in methods of construction and in methods of handling labor and in handling material.

#### STEEL MILLS FAVORING THE FOREIGNER.

In regard to the price of material, one great difficulty in this country is the very serious fluctuations that take place in the price of steel material. That does not occur in Great Britain at all. A difference of a shilling or a shilling and sixpence a ton is commented on there, while differences of five and six and eight and ten dollars a ton meet with very little comment here. What can be done to make the price of material more stable in this country I do not know. The tariff on steel produces no revenue; it is of no service whatever, except in giving an opportunity for large fluctuations in the price.

In 1900 I was going through a shipyard in Dundee, Scotland, and they were building a vessel almost a duplicate of the *Californian* that we were building here at the same time, and their material was being landed there from a vessel from New York, furnished by Carnegie & Co., who were furnishing the material for the *Californian*. They were paying £7 15s. 8d. a ton. We were paying £10 9s. 2d. It was supplied by the same people and the distance transported was about the same. That is a condition which is only possible because of a tariff that has no bearing whatever on the manufacturer, except giving him an opportunity to make large fluctuations in the price when it is necessary to do so on account of his own business necessities.

There is no reason why steel material should not be delivered to American shipbuilders, at least on the Atlantic seaboard, as cheaply as it is furnished to British shipbuilders. Until something is done to make the prices more permanent, so that they can be figured on and we can know what we are to pay for material, that will always be an element of uncertainty that the shipbuilder must guard against in making his estimates.

I do not know of anything else that I have to say in regard to this matter.

#### FREE SHIPS DISASTROUS.

The CHAIRMAN. Mr. Dickie, if you will permit me, I should like to ask you two or three questions along lines that have been developed in San Francisco during this hearing.

What is your opinion of the effect upon your shipyard and other American shipyards, and upon the skilled mechanics, say, of San Francisco, of a law opening American registry for the foreign trade and perhaps the coasting trade to ships built in England, France, Germany, Norway, Italy, or Japan, as advocated by some witnesses before this Commission?

Mr. DICKIE. The opening of the coastwise trade?

The CHAIRMAN. Well, the foreign trade and possibly the coastwise trade, but we will confine it for the present to the foreign trade.

Mr. DICKIE. Is not the foreign trade open now?

The CHAIRMAN. I meant the purchase of free ships. That is what I was getting at.

Mr. DICKIE. Oh! I do not believe that any country, any community, can ever prosper in ship owning if they are not also prosperous in shipbuilding. The history of all naval ports shows that conclusively. It is absolutely necessary. If ships are owned they have to be repaired. You can not keep a staff for repairing ships unless you are building them. We have here sometimes a ship, for instance the one referred to by Mr. Schwerin, requiring two or three hundred men, without any warning. These men would not be here at all if there was no shipyard, and the shipbuilding is a necessity.

The CHAIRMAN. If the building of merchant ships were taken away entirely from American shipyards, as has been here advocated, and transferred to the cheaper labor of Europe and Asia, would your yard and other yards be able to continue with such naval contracts as you might receive, for instance, from the United States Government?

#### NO PROFIT IN NAVAL WORK.

Mr. DICKIE. I think it is quite doubtful whether any yards would continue with naval contracts, taking into account the tendency of the policy of the Navy Department. It has become to the shipbuilder simply an impossibility now. The losses were stated by Mr. Schwerin. I think the present financial condition of the shipyards in this country is largely due to the Navy Department policy.

The CHAIRMAN. It has occurred to me that the final result of a free-ship policy would be to destroy American shipyards and ultimately compel us to buy our ships of war as well as our merchant ships in foreign countries. How is that?

Mr. DICKIE. Quite possibly. However, the Government might go on and build their own war ships and keep a staff especially for that purpose.

The CHAIRMAN. It might build them in navy-yards, for instance?

Mr. DICKIE. It might build them in navy-yards.

The CHAIRMAN. That would be a very expensive experiment for the Government, I assume.

Mr. DICKIE. I think the Government has so managed it now that it is just as expensive for a private yard to build them as it is for the navy-yard. Navy-yard conditions have got to be met now by private shipyards. We must issue the same specifications when we buy material for our work as are issued by the storekeepers of the navy-yards, and the material must go through the same testing when it comes to our place to be worked up.

#### EXCESSIVE NAVAL REQUIREMENTS.

The CHAIRMAN. I remember that while Admiral Bowles was naval constructor he testified before the Committee on Naval Affairs of the Senate, of which Senator Perkins and I chance to be members, that in his opinion it would cost 70 per cent more to build war ships in navy-yards than in private yards, and he gave as his reason the shorter hours, the higher pay, the thirty days leave of absence, and various other items which I do not recall.

Mr. DICKIE. There is one element that will help the navy-yards, and that is that the naval constructor at the navy-yard is his own inspector. I think we have a standing offer to the Navy Department that we would be quite willing to do our own inspecting without extra cost. It would be for the benefit of the Navy, too. The contractor for the naval ship to-day does not know what he has to do under his specifications. We have a little dispute just now with the Navy Department on a question of the ventilation of one of six ships—small cruisers—and the total loss to the shipyards has been about \$1,250,000 on the six ships. Unfortunately we had one of them. The specifications for ventilation said that the ventilation was to be the simplest and most effective that could be devised. We put special stress on the first word, the "simplest." The naval constructor put his emphasis on the "most effective," and what he thought was the most effective was widely different from what we thought was the simplest. (Laughter.)

When I was making my estimate I thought about the simplest, and I estimated that we could ventilate that ship for \$12,000. It cost us nearly \$40,000 to meet the requirements of the naval constructor, and the ship is a failure in meeting the requirements of simplicity.

#### REPAIR WORK NOT ENOUGH.

The CHAIRMAN. I assume from an observation you made a moment ago that you do not agree to the suggestion which was made here yesterday, that if we purchased our ships abroad we would have repair work enough to keep the American yards busy.

Mr. DICKIE. You might infer from that that if they were purchased abroad there would be a good deal more repairing to be done. [Laughter.] Perhaps the American shipbuilder can help the ship-owner in that way, for his ship does not need so much repair.

The CHAIRMAN. Do you not think there would be danger of repairs being made abroad as well as the ship being purchased abroad, inasmuch as they do the work so much cheaper there than they do it here?

Mr. DICKIE. I think undoubtedly it would be so. Mr. Schwerin has stated that their repairs as far as possible used to be made in Hongkong because the repairing could be done cheaper there than in San Francisco.

The CHAIRMAN. If I have the matter correctly in my mind, I think we had a good deal of difficulty during the Spanish-American war in buying some cruisers abroad to aid us in our military operations. I take it that if our shipyards were either seriously hampered or, as I believe they would be, obliterated, and the skilled workmen scattered, we would be in rather a sad plight if we were in a war with some great power.

Mr. DICKIE. I think so; and the American coast and the rest of the country would also be in a sad plight. What we can do for ourselves puts us in an independent position in regard to what others might do for us.

#### THE NAVY'S DEPENDENCE ON THE SHIPYARDS.

Mr. Schwerin suggests another point, which I think is a very important one. Had it not been for the commercial shipbuilding yards the Government would not have been able to-day to have built any ship at all in the navy-yards. Some time ago I got a statement from Mare Island that in their shipyard 78 per cent of the fitting force had been taken from the Union Iron Works. The higher wages that are paid at the navy-yard work a very great hardship to the private shipyard. I will give an instance of that.

We had a gang of men working on the gun ports of the *Ohio*—some 12 men—and they were skilled men at that kind of work. The navy-yard underbid us on a certain job converting a ship into a dredger. They bid a little lower than we bid, and it was sent to the navy-yard. The navy-yard needed men—they needed good men—and they took these men right off that work. We had occasion to go to the Navy Department about it and protest, because we were then being held to penalties for delay. We pointed out to the constructor at the yard the difficulty that we had about keeping our men when the Government took them away from us. The only satisfaction we got was that it was very unfortunate for us, but it was quite fortunate for the Government that they could get them. We got a new gang for that same work. We had them for about three weeks on it, and they had just begun to get into condition to do some work, when the constructor at Mare Island sent down and took them all away. Four times on that particular job we lost all our men. They went to Mare Island because they had work there. When they are through with them they let them go, and they come down to us and go to work again, because they take the best men, and the best men can always get work. We were glad to get them back, but we would be much gladder if they would not take them away. That is a very serious matter.

The Government shipyards do not employ any apprentices—that is, none to speak of, and they depend entirely on being supplied from the private yards with the men to do their work.



THE QUESTION OF STANDARDIZING.

The CHAIRMAN. I noticed in Cramps' shipyard that they were working on a battle ship, a cruiser, a dredge, and a ferryboat. That seemed to be the work they were doing. If by some means we could revive the American merchant marine so as to require the building of a large number of merchant ships, I assume that by standardizing them they could be produced in American shipyards very much more cheaply than now, could they not?

Mr. DICKIE. Undoubtedly; but I think it would be a difficult thing to standardize the owner. He wants something different from the other owner, and there is no shipowner but who has some notions of his own. He has figured out just what kind of ship he wants, and he wants you to build that ship. Even in the oldest shipbuilding communities they have not been able to standardize them as it is done on the Lakes, where we have the finest conditions for standard work.

The CHAIRMAN. I asked the question for the reason that it has been urged before the Commission that inasmuch as we produce locomotives and send them abroad in competition with the world as cheaply as they are produced elsewhere, there is no reason why we should not produce a ship as cheaply as other countries.

Mr. DICKIE. That is yes, and it is no. We do that and we do not. The locomotives that we build will not compare at all with the British locomotives. They may be quite as efficient and may be just as good for service, but they are entirely different. As I stated before, the conditions of trade often hamper us. The British locomotive builder is hedged with traditions. He builds his locomotives for straight roads, and builds a very different kind of machine from what is built in America. In comparing the cost of things the things compared should always be alike. It is very difficult to get accurate comparisons otherwise.

I do not think it will ever be possible to standardize ships, for the reason that the shipbuilding art is a progressive art. If the conditions were absolutely fixed as they are on the Great Lakes the thing would settle down to a fixed type, and that type might increase in size, but it would continue the same type. But in ocean service it is quite different. Every ship-owning company have their own ideas in regard to what they want for their ships, and so long as they are progressive anything that is standardized is dead. When you standardize building ships you do not build them any more.

NAVY-YARD AND OTHER WAGES.

Senator PERKINS. Mr. Chairman, with your permission, I should like to ask Mr. Dickie one question.

The CHAIRMAN. Certainly, Senator.

Senator PERKINS. I ask it because of my long acquaintance with Mr. Dickie, knowing him to be not only a scientific mechanic but that in shipbuilding none is his superior, in my opinion. I believe I can venture to say this.

The point I wish to draw out is the difference between wages paid in navy-yards and in private yards. As you are aware, Mr. Chairman, it is the rule of the Navy Department to appoint a commission at stated periods, twice a year, I believe, to fix a rate of wages which

must correspond with the wages of the commercial shipbuilding yards. The only difference, then, in the wages is that in the Government navy-yards they work eight hours a day and in private yards they work nine hours. Is not that the only difference?

Mr. DICKIE. No, Senator; besides the difference in time there is a difference in the shipbuilding skilled men on an average of 30 cents a day. I am speaking now of Mare Island as compared with the Union Iron Works.

Senator PERKINS. But this Commission called upon you for information to ascertain what you are paying, and the rule for the Department is that the scale of wages shall be made the same.

Mr. DICKIE. They get our pay roll rate every six months.

Senator PERKINS. And they fix the wages at the same rate you are paying?

Mr. DICKIE. No; they fix the wages just the way it pleases them. I do not know how they do it.

Senator PERKINS. Their instruction is to fix them at the same rate.

Mr. DICKIE. That might be a question for you to look up. There was a naval constructor not very long ago who tried to fix them and he was moved from Mare Island to Seattle.

The CHAIRMAN. The navy-yard employee has, I think, thirty days leave each year. So he has that advantage.

#### ADVANTAGES OF THE NAVY-YARD.

Senator PERKINS. I should have included that, Mr. Chairman. But my colleague in the Senate here has had from the navy-yard at Portsmouth and possibly my colleague in the House here has had from the navy-yard at Bremerton the same complaint we have had at Mare Island yard, that the Government is not paying the same wages that are paid in private shipbuilding yards. I had occasion two or three different times when these communications came to me to consult the chiefs of the different bureaus, and the testimony presented to me was such that I was convinced the wages paid were the same. But with the annual thirty days' leave of absence and the one hour a day less work, of course the advantage to the mechanic is in favor of the navy-yards and against the private yards.

Mr. DICKIE. They have in the navy-yards a method of dividing their workmen, first, second, and third class. Of course, we do not have that method. If they find on our pay roll some very excellent man to whom we pay a higher rate than usual, that top notch is seized as the average for the navy-yard.

Senator PERKINS. If you please, Mr. Chairman, as you are a member of the Committee on Naval Affairs, and I have the honor of being associated with you, this question of work in the navy-yards, new work as well as repair work, has received a great deal of consideration in Congress. We have in our navy-yard here a plant, which we count no interest upon, costing six or seven million dollars perhaps. We have the testimony of Mr. Dickie that some of his workmen are up there, and that is sufficient evidence that they are skilled mechanics, or he would not have employed them and educated them.

I should like to have you bring out the point as to the relative cost of repair work and new work in any yard. We succeeded last year, as an experimental test, as you are aware, in having two of our colliers built

in our navy-yards—one on the Atlantic coast and the other on the Pacific coast. The one to be built on the Pacific coast will doubtless be allotted to the Mare Island yard.

AN UNDISPUTED AUTHORITY.

As you, Mr. Chairman, like myself, are deeply interested in arriving at the facts in the case, I hope you will ask Mr. Dickie a question on this point, and I wish again to emphasize the fact that if there is a gentleman in the United States who is authority upon marine architecture and shipbuilding it is Mr. George W. Dickie. He was educated in Scotland in shipbuilding and came here. I speak knowingly because of my acquaintance of thirty years with him. I have seen specimens of handiwork that was brought out under his supervision. He was very modest when you asked him if he is connected with the Union Iron Works. He said, "Yes," implying that he might be indirectly connected with that establishment, when he is the general manager, and all the figures are submitted to him before they are adopted by the company. As an evidence of the fact I will state that he has been the financial success of that institution.

The CHAIRMAN. I will assume that the question has been asked, and you may answer it, if you please, Mr. Dickie.

Mr. DICKIE. In regard to the cost of repairs at navy-yards?

The CHAIRMAN. Yes, sir.

A COMPARISON IMPOSSIBLE.

Mr. DICKIE. I do not think anyone can answer that question. The method of bookkeeping at the navy-yard makes it impossible. There can be no comparison made between work done at the navy-yard and work done at a private yard until the navy-yards are operated as private yards. We could do work pretty cheaply if the Government made an appropriation of \$700,000 a year to run our yard and then charged the work over, without running expenses being added. That is the difficulty in regard to cost at the navy-yard. When we do work, that work, if it is not done at a loss, must pay all the costs. It must pay not simply the wages of the men who did it, but all the costs. The navy-yard, as stated by Senator Perkins, has lots of money invested in it, but they do not pay any interest. The private yard must pay for whatever is invested interest to the stockholders or to somebody it borrowed money from. The navy-yard charges a very large proportion of the operating expenses directly to the operation of the yard and not to the jobs they are doing. So it is quite impossible to get at the actual cost. If they would remove the military gentlemen from the navy-yards and then charge the whole thing to the work they are doing and find out what it costs it would show a very different result. But the military part of the navy-yard, and the executive part, and the construction part are all mixed up together, and the expenses of operation are provided for by appropriations entirely different from the cost of the work.

THERE MUST BE NATIONAL AID.

The CHAIRMAN. Mr. Dickie, this Commission has had impressed upon it the fact that it costs more to build ships in the United States

than abroad, and that it costs more to operate an American ship than a foreign ship. We all know that almost every other country is giving subsidies or subventions of some kind to its ships. Is it your opinion that the American merchant marine can be rehabilitated without governmental aid in some direction?

Mr. DICKIE. No, sir; no, sir. There may be a very wide difference of opinion as to the shape the Government aid may take, and it will be a very difficult task, I should think, to harmonize all the different interests that are involved in it, but the shipbuilding of the United States and the ship owning of the United States must be helped in some way. It must be made possible for a man to build a ship and come out whole, and for a man to own a ship and come out whole.

The CHAIRMAN. In other words, the conditions must, to a large extent, be equal as between the foreign-built ship and the American-built ship?

Mr. DICKIE. Yes, sir.

The CHAIRMAN. We are very much obliged to you, Mr. Dickie.

#### RECESS.

Thereupon (at 1 o'clock and 10 minutes p. m.) the Commission took a recess until 2.30 p. m., when it reassembled.

#### STATEMENT OF MAJ. C. A. DEVOL.

Maj. C. A. Devol appeared before the Commission.

The CHAIRMAN. Major, will you state to the Commission in what line of business you are engaged?

Major DEVOL. I have been connected with the transport service since 1898. I am a major and quartermaster in the United States Army. I have been directly connected with the transport service since 1898—two years in Manila Bay, one and a half years in New York Harbor, and two and a half years in San Francisco.

The CHAIRMAN. Among other things brought to the attention of the Commission has been a very earnest plea that the Government ought to abandon the transport service and turn it over to private parties. The Commission will be pleased to hear from you on any matter connected with the transport service that will be of interest.

Major DEVOL. I presume it is not within my province to enter into any argument in reference to this matter. I am a servant of the Government; I have been in a measure responsible for the transport service, and I can simply show facts that are embodied in reports which have been forwarded and are to be forwarded to the War Department.

I presume the main consideration relative to the transport service is whether or not it fulfilled its mission during the war, and whether or not at the present date it has outlived its usefulness, the latter being perhaps the most important.

The CHAIRMAN. I think that is about the line of inquiry we would like to go into.

Major DEVOL. Taking up very briefly the first question at issue, whether or not the transport service fulfilled its mission and whether or not it was an expensive luxury during the war, I call attention to the fact that the Government at the beginning of the war was obliged

to obtain transportation by the charter altogether before the war ended of some 55 vessels. The matter of chartering those vessels did not come within my province, and I had nothing to do with it; but it was understood at the time, and realized at the time, that those vessels, taken from the large shipping companies of the Pacific coast and the Atlantic coast, had to maintain their trade, and had to provide for the carrying of their property and passengers by the charter of other vessels. This, I presume, entered somewhat into the prices paid rather than the immediate and actual cost of the vessels at that time.

#### HIGH WAR CHARTERS.

For instance, at the beginning of the war we chartered the *Newport* at \$1,000 per day. She made five trips, carrying on the first trip 585 soldiers, then 517, and so on, the average capacity being about 500 men. We chartered the *City of Para* at \$800 per day. She made three voyages, carrying at her maximum carriage at one time 1,035, and a minimum of 811. The *Peking* was chartered at \$1,000 a day, and she carried 979 men. The *Rio de Janeiro* was chartered at \$875 a day and carried an average of about 800 men. The *City of Sydney* was chartered at \$750 a day, carrying an average of 650 men—696 at one time, and so on. Of other steamships there were the *Columbia*, \$750 a day; the *Morgan City*, at \$600 per day; the *Indiana*, and the *Ohio*, none of these ships carrying a maximum of over 800 men. This did not include coal. The Government coaled these chartered ships.

#### THE RATES IN PEACE.

Taking the record of the transport service, which I maintain is most accurately kept and will be vouched for, we have as the most expensive transports the *Logan*, *Sheridan*, *Sherman*, and *Thomas*, at an average, in the last fiscal year, ending June 30, as follows:

The *Logan* cost the Government \$440.30 per day, and she carried 1,650 men.

The *Sheridan* cost the Government \$427.43 per day, with a capacity of 1,842 men.

The *Sherman* has cost \$432.52 per day, and she carries 1,776 men.

The *Thomas* cost \$468.57 per day, with a carrying capacity of 1,648 men.

They have not at all times equaled their carrying capacity, but they have that capacity. This is also without coal, which puts them on the same basis with the chartered vessels, and it will be observed that with the transports the expense is about half and the carrying capacity is about double.

Now, coming down to the latter part of the question as to whether or not the transport service has outlived its usefulness and whether it perhaps should be maintained, of course I have only to consider from my point of view the comfort and proper landing of troops on foreign soil and the economical administration of the service. On the broad line of public expediency, whether or not it is best to carry them by commercial liners or on our transports, I do not consider that I have anything to do.

In regard to this latter point, I picked out some reports at random. At the termination of each voyage we render a voyage report, taking

the official data, when the vessel leaves here, and leaves here again, in which everything is charged up against the transport service—mainly repairs, supplies, subsistence, etc., and we credit the lowest attainable bid for the supplies and troops carried. In other words, we treat the matter as though we were in commercial business.

This year we are taking Mr. Schwerin's bid, and for every passenger we carry we credit ourselves with what it would cost to carry by his line, also freight so much per ton. You can glance over that report I picked out at random, voyage 13 of the *Thomas*. [Exhibiting.] I think it is self-explanatory, and will convince anyone. The figures are accurate—I will vouch for their accuracy—and the bookkeeping is understandable.

The report referred to is as follows:

WAR DEPARTMENT, U. S. ARMY TRANSPORT SERVICE.

*Report of expenditures of U. S. army transport Thomas and report of passengers and freight transported during voyage No. 13, sailing from the port of San Francisco, Cal., on the date of May 1, 1903, to the date of July 10, 1903, arriving on return at the port of San Francisco, Cal.*

### INCIDENTS OF VOYAGE.

Departure.			Arrival.		
Port.	Day of month.	Hour.	Port.	Day of month.	Hour.
San Francisco, Cal . . . . .	May 1	1.17 p. m.	Guam . . . . .	May 21	8.36 a. m.
Guam . . . . .	May 21	3.14 p. m.	Manila . . . . .	May 27	7.55 a. m.
Manila . . . . .	June 9	5.35 a. m.	Mariveles . . . . .	June 9	3.20 a. m.
Mariveles . . . . .	June 14	6.36 m.	Nagasaki . . . . .	June 18	3.20 p. m.
Nagasaki . . . . .	June 20	5.17 p. m.	San Francisco . . . . .	July 10	9.49 a. m.

Distance from San Francisco to Manila, 6,582 miles; sailing time 24 days 19 hours 46 minutes.  
Distance from Manila to San Francisco, 6,621 miles; sailing time 24 days 20 hours 15 minutes.

**MEMORANDA OF PRINCIPAL OFFICERS.**

[For this ship and this voyage.]

Grade or duty.	Name.	Date of assignment to ship.
Transport quartermaster, U. S. Army.....	Capt. Jesse M. Baker.....	Aug. 8, 1902
Ship's captain or master, U. S. Army transport.....	Capt. M. B. Buford.....	June 15, 1900
Chief engineer, U. S. Army transport.....	James G. Norvall.....	Jan. 1, 1905
Transport surgeon, U. S. Army.....	First Lieut. Wm. A. Powell.....	Apr. 27, 1905
Transport commissary, U. S. Army.....	Capt. Jesse M. Baker.....	Aug. 8, 1902

### REPORT OF PASSENGERS TRANSPORTED—REPORT "X."

Persons.	From—	To—	First class.	Second class.	Enlisted men and discharged soldiers.	Cost per commercial line rate.	
						Rate per individual.	Costs.
Civilians	San Francisco, Cal.	Guam	1			\$125. 00	\$125. 00
Do.	do	Guam (§ rate)	1			62. 50	62. 50
Officers	do	Manila	67			125. 00	8, 375. 00
Soldiers	do	do			1, 192	39. 00	35, 760. 00
Civilians	do	do	36			125. 00	4, 500. 00
Do.	do	Manila (§ rate)	6			62. 50	312. 50
Do.	do	Manila			9	50. 00	450. 00
Do.	Guam	do	2			50. 00	100. 00
Total outward trip.....							49, 685. 00

*Report of expenditures of U. S. army transport Thomas, etc.—Continued.*

REPORT OF PASSENGERS TRANSPORTED—REPORT "X"—Continued.

Persons.	From—	To—	First class.	Second class.	Enlisted men and discharged soldiers.	Cost per commercial line rate.	
						Rate per individual.	Costs.
Officers	Manila	Nagasaki	3			\$50.00	\$150.00
Soldiers	do	do			8	25.00	200.00
Civilians	do	do	2			50.00	100.00
Officers	do	San Francisco	44			125.00	5,500.00
Soldiers	do	do			966	30.00	28,980.00
Civilians	do	do	50			125.00	6,250.00
Do	do	San Francisco (rate)	8			62.50	500.00
Officers	Nagasaki	San Francisco	2			125.00	250.00
Soldiers	do	do			10	37.50	375.00
Civilians	do	do	3			125.00	375.00
Total return trip							42,680.00
Total outward trip							49,685.00
Total for voyage							92,365.00

REPORT OF EXPENDITURES—REPORT "Y."<sup>a</sup>

Purpose.	Where incurred.	Amount.	Remarks.
<b>Wages:</b>			
Officers		\$2,258.10	\$1,106.10 in port, Apr. 4-30; \$1,152 at sea, May 1-27; paid by transport quartermaster.
Clerks		180.00	\$90 in port, Apr. 4-30; \$90 at sea, May 1-30; paid by transport quartermaster.
Crew		6,560.90	\$3,061.90 in port, Apr. 4-30; \$3,479 at sea, May 1-27.
Coal	San Francisco	7,578.46	1,179 tons; total coal used on trip 1,966 tons, in port 200 tons.
Pilotage	do	150.68	General superintendent army transport service, San Francisco.
Stevedoring	do	960.55	Do.
Cost of debarkation	Manila	599.54	Depot quartermaster, Manila.
Repairs	San Francisco	1,475.80	General superintendent army transport service.
Cleaning ship and painting	do	593.33	Do.
Subsistence—officers and crew.		2,118.75	In port, Apr. 4-30, \$1,026.80; at sea, May 1-27, \$1,091.95.
Laundry	San Francisco	1,045.16	General superintendent army transport service.
Water	do	450.00	Do.
Quartermaster supplies:			
Deck department	do	2,162.51	Depot quartermaster, San Francisco.
Engineer's department	do	1,138.02	Do.
Steward's department	do	323.89	Do.
Expenses not enumerated above.	do	7.50	Paid by transport quartermaster.
Total		27,598.19	

Return trip.

Purpose.	Where incurred.	Amount.	Remarks.
<b>Wages:</b>			
Officers	May 28-July 10	\$1,834.67	Paid by transport quartermaster.
Clerks	do	143.33	Do.
Crew	do	5,382.16	Do.
Coal	Manila	3,122.68	497 tons.
Do	Nagasaki	7,936.50	2,145 tons. Total coal used on trip 2,069 tons; in port, 216 tons.

<sup>a</sup> Outward trip.

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*Report of expenditures of U. S. army transport Thomas, etc.—Continued.*

REPORT OF EXPENDITURES—REPORT "Y"—Continued.

Return trip—Continued.

Purpose.	Where incurred.	Amount.	Remarks.
Use of buoy.....	Nagasaki.....	\$3. 02	
Pilotage.....	do.....	29. 75	
Do.....	San Francisco.....	138. 18	General superintendent, army trans- port service, San Francisco.
Cost of embarkation.....	Manila.....	373. 09	
Repairs.....	do.....	474. 39	
Cleaning ship.....	do.....	246. 33	
Removing ashes.....	Nagasaki.....	2. 01	
Subsistence—officers and crew.	May 28-July 10.....	1,719. 91	
Laundry.....	Manila.....	610. 16	Paid by transport quartermaster.
Do.....	Nagasaki.....	116. 84	Do.
Water.....	Manila.....	621. 45	1,381 tons.
Do.....	Nagasaki.....	70. 27	560 tons.
Quartermaster supplies.....	Manila.....	9. 60	
Do.....	Nagasaki.....	2. 00	
Transporting supplies.....	Manila.....	14. 22	
Expenses not enumerated above.	do.....	17. 20	Paid by transport quartermaster.
Total for return trip.....		22,867. 76	
Total for outward trip.....		27,598. 19	
Total for round trip.....		50,465. 95	
Less cash received for subsistence.		9,052. 00	
Total.....		41,413. 95	

REPORT OF FREIGHT TRANSPORTED—REPORT "Z."

Freight.	From—	To—	Cost per commercial line rate.	
			Rate per ton or other unit.	Costs.
900 tons.....	San Francisco.....	Manila.....	\$4. 25	\$3,825. 00
75 tons.....	do.....	Guam.....	\$4. 25	318. 75
889 pounds mail, letter.....	do.....	Manila.....	\$1. 60	1,422. 40
20,486 pounds mail, print.....	do.....	do.....	\$0. 08	1,638. 88
\$2,107,000 specie.....	do.....	do.....	$\frac{1}{2}$ of 1 ¢	5,267. 50
Total outward trip.....				12,472. 53
40 tons.....	Manila.....	San Francisco.....	\$4. 25	170. 00
9 remains.....	do.....	do.....	\$125. 00	1,125. 00
1 remains.....	do.....	San Francisco( $\frac{1}{2}$ rate).....	\$62. 50	62. 50
4,415 pounds mail, letter.....	do.....	San Francisco.....	\$1. 60	7,064. 00
2,134 pounds mail, print.....	do.....	do.....	\$0. 08	170. 72
Total return trip.....				8,592. 22
Total outward trip.....				12,472. 53
Total for voyage.....				21,064. 75



*Report of expenditures of U. S. army transport Thomas, etc.—Continued.*

SUMMARY.

From report X, Y, or Z.	Item.	Costs.
X.....	Persons transported—cost at commercial line rates on basis "Pacific Mail bid."	\$92,365.00
Z.....	Freight and other items—cost at commercial line rates on basis "Pacific Mail bid."	21,064.75
X and Z....	Total commercial line charges—this voyage on basis "Pacific Mail bid".....	113,429.75
Y.....	Total governmental cost of conducting same.....	\$50,465.96
	Less amount received for subsistence.....	9,052.00
		41,413.95
	Difference in favor of army transport service.....	72,015.80
	Less cost transport service at San Francisco for 1 month.....	6,500.00
	Net difference in favor of army transport service.....	65,515.80

(Indorsed:) War Department, U. S. army transport service. U. S. A. T. *Thomas*. Voyage No. 13. From date April 4, 1903, to July 10, 1903. From port San Francisco, Cal., to Manila, P. I. Returning to San Francisco, Cal. Report of expenditures. Report of passengers. Report of freight. Compiled on basis of "Pacific Mail bid" by general superintendent, army transport service.

Major Devol also submitted the following report:

WAR DEPARTMENT, U. S. ARMY TRANSPORT SERVICE.

*Report of expenditures of U. S. army transport Logan and report of passengers and freight transported during voyage No. 10, sailing from the port of San Francisco, Cal., on the date of June 1, 1903, to the date of August 9, 1903, arriving on return at the port of San Francisco, Cal.*

INCIDENTS OF VOYAGE.

Port.	Departure.		Port.	Arrival.	
	Day of month.	Hour.		Day of month.	Hour.
San Francisco, Cal.....	1903. June 1	12 noon.	Guam.....	1903. June 20	2.10 p. m.
Guam.....	June 21	5.30 a. m.	Manila, P. I.....	June 26	8.10 a. m.
Manila, P. I.....	July 14	8.48 p. m.	Nagasaki.....	July 20	6.15 a. m.
Nagasaki.....	July 22	1 p. m.	San Francisco, Cal.....	Aug. 9	3 p. m.

MEMORANDA OF PRINCIPAL OFFICERS.

[For this ship and this voyage.]

Grade or duty.	Name.	Date of assignment to ship.
Transport quartermaster, U. S. Army.....	Capt. J. de L. Lafitte, U. S. Infantry..	Feb. 1, 1903
Ship's captain or master, U. S. army transport..	Wm. P. Stinson.....	June 27, 1899
Chief engineer, U. S. army transport.....	R. P. Jennings.....	Dec. 6, 1901
Transport surgeon, U. S. Army.....	Wm. T. Davis.....	Apr. 30, 1903
Transport commissary, U. S. Army.....	Capt. J. de L. Lafitte, U. S. Infantry..	Feb. 1, 1903

*Report of expenditures of U. S. army transport Logan, etc.—Continued.*

## REPORT OF PASSENGERS TRANSPORTED—REPORT "X."

Persons.	From—	To—	First class.	Second class.	Enlisted men.	Cost per commercial line rate.	
						Rate per individual.	Costs.
Officers .....	San Francisco, Cal	Manila, P. I.	70			\$125.00	\$8,750.00
Soldiers .....	do	do			1,029	80.00	80,870.00
Civilians .....	do	do	56			125.00	7,000.00
Army nurse .....	do	do	1			125.00	125.00
Soldiers, noncom-	do	do	9			125.00	1,125.00
missioned staff.	do	do					
Civilians (half rate) .....	do	do	11			62.50	687.50
Children (free) .....	do	do	15				
Navy officer .....	Guam	do	1			75.00	75.00
Civilians .....	do	do			7	37.50	262.50
Total outward trip .....							48,895.00
Officers .....	Manila, P. I.	San Francisco, Cal.	57			125.00	7,125.00
Soldiers, noncom-	do	do	3			125.00	375.00
missioned staff.	do	do					
Civilians .....	do	do	53			125.00	6,625.00
Civilians (half rate) .....	do	do	9			62.50	562.50
Soldiers .....	Nagasaki	do			5	40.00	200.00
Civilian .....	do	do	1			125.00	125.00
Soldiers .....	Manila, P. I.	do			1,454	30.00	43,620.00
Civilians .....	do	do			28	35.00	980.00
Army nurses .....	do	do	2			125.00	250.00
Officers .....	Nagasaki	do	8			125.00	1,000.00
Civilians (half rate) .....	do	do	5			62.50	312.50
Civilians .....	do	do	9			125.00	1,125.00
do .....	Manila, P. I.	Nagasaki			1	25.00	25.00
Civilians (half rate) .....	do	do	1			25.00	25.00
Soldiers .....	do	do			2	25.00	50.00
Civilians .....	do	do	5			50.00	250.00
Total return trip .....							62,650.00
Total outward trip .....							48,895.00
Total for voyage .....							111,545.00

REPORT OF EXPENDITURES—REPORT "Y."<sup>a</sup>

Purpose.	Where incurred.	Amount.	Remarks.
Wages:			
Officers .....		\$2,678.99	Paid quartermaster transport.
Clerks .....		387.07	Do.
Crew .....		9,922.95	Do.
Coal .....	San Francisco, Cal	10,785.80	General superintendent army transport service; total coal used on trip, 1,685 tons.
Lighters .....	Manila, P. I.	178.47	Depot quartermaster.
Launches .....	do	52.50	Do.
Checkers .....	do	66.89	Do.
Pilotage .....	San Francisco, Cal	138.33	General superintendent army transport service.
Stevedoring .....	do	1,516.50	Do.
Do .....	Manila, P. I.	22.77	Depot quartermaster.
Laborers .....	do	332.12	Do.
Repairs .....	San Francisco, Cal	1,758.15	General superintendent army transport service.
Cleaning ship and painting .....	do	1,094.37	Do.
Subsistence (officers and crew) .....	do	1,800.99	Invoice cost.
Laundry .....	Manila, P. I.	804.54	Paid.
Quartermaster supplies:			
Deck department .....	San Francisco, Cal	833.33	Depot quartermaster.
Engineer's department .....	do	674.25	Do.
Steward's department .....	do	578.71	Do.
Embalmers .....	do	37.30	Do.
Total .....		33,663.53	

<sup>a</sup> Outward trip.

*Report of expenditures of U. S. army transport Logan, etc.—Continued.*

REPORT OF EXPENDITURES—REPORT "Y."

Return trip.			
Purpose.	Where incurred.	Amount.	Remarks.
<b>Wages:</b>			
Officers .....		\$1,541.40	Paid by transport quartermaster.
Clerks .....		292.26	Do.
Crew .....		8,937.66	Do.
<b>Coal</b> .....	Manila, P. I .....	2,844.83	
Do. ....	Nagasaki .....	7,980.90	Total coal used on trip, 1,982 tons.
Lighters, debarkation .....	Manila, P. I .....	116.17	Depot quartermaster.
Launches .....	do .....	67.50	Do.
Checkers .....	do .....	5.00	Do.
Lighters, embarkation .....	do .....	148.65	Do.
Pilotage .....	San Francisco, Cal .....	126.24	General superintendent army transport service.
Stevedoring .....	Manila, P. I .....	12.37	Depot quartermaster.
<b>Laborers:</b>			
Embarkation .....	do .....	88.50	Do.
Operating expenses .....	do .....	10.00	Do.
Coaling, etc .....	do .....	263.00	Do.
Cleaning ship .....	do .....	36.38	Do.
Subsistence (officers and crew) .....		3,010.74	Invoice cost.
Laundry .....	Nagasaki .....	236.64	Paid.
Water .....	Manila, P. I .....	465.00	Depot quartermaster.
Total for return trip .....		25,682.74	
Total for outward trip .....		33,663.58	
Total for round trip .....		59,296.27	

REPORT OF FREIGHT TRANSPORTED—REPORT "Z."

Freight.	From—	To—	Cost per commercial line rate.	
			Rate per ton or other unit.	Costs.
150 tons measurement .....	San Francisco, Cal .....	Guam .....	\$4.25	\$637.50
1,900 tons measurement .....	do .....	Manila .....	4.25	8,075.00
1,028 pounds mail, letter .....	do .....	do .....	1.60	1,644.80
35,662 pounds mail, print .....	do .....	do .....	.08	2,852.96
\$2,575,000, specie .....	do .....	do .....	4	6,437.50
Total outward trip .....				19,647.76
4 ton freight measurement .....	Manila, P. I .....	Nagasaki .....	4.00	2.00
820 tons measurement .....	do .....	San Francisco, Cal .....	4.25	3,485.00
92 remains .....	do .....	do .....	125.00	11,500.00
2 remains .....	Nagasaki .....	do .....	125.00	250.00
1,659 pounds mail, letter .....	Manila .....	do .....	1.60	2,654.40
1,224 pounds mail, print .....	do .....	do .....	.08	97.92
Total return trip .....				17,989.32
Total outward trip .....				19,647.76
Total for voyage .....				37,637.08

*Report of expenditures of U. S. army transport Logan, etc.—Continued.*

## SUMMARY.

From report X, Y, or Z.	Item.	Costs.
X.....	Persons transported—cost at "Seattle bid" .....	\$111,545.00
Z .....	Freight and other items—cost at "Seattle bid" .....	87,637.08
X and Z...	Total commercial line charges, this voyage, "Seattle bid" .....	149,182.08
Y.....	Total governmental cost of conducting same.....	\$59,296.27
	Less subsistence received .....	10,216.70
		49,079.57
	Difference in favor of army transport service over "Seattle bid" .....	100,102.51
	Less cost army transport service at San Francisco for 1 month .....	6,500.00
	Net difference in favor army transport service over "Seattle bid" .....	93,602.51

(Indorsed): War Department, U. S. army transport service. U. S. A. T. *Logan*. Voyage No. 10, from date April 29, 1903, to August 9, 1903. From port San Francisco, Cal., to Manila, P. I., returning to San Francisco, Cal. Report of expenditures. Report of passengers. Report of freight. Compiled on basis of "Seattle bid" by general superintendent army transport service.

Major DEVOL. I have just prepared, at the end of this fiscal year, a synopsis of the reports of that character. I take those voyage reports and combine with them an abstract of the expense report, from which we make our annual report, in which we show at the termination of each voyage, on the basis which I have just explained, whether or not the transport on that voyage has been an expense to the Government or whether it has saved the Government over the lowest price bid.

The tables submitted by Major Devol are as follows:

*Abstract of expenditure—Reports of army transports for voyages ending at San Francisco, Cal., during the fiscal year ending June 30, 1904, compiled on basis of "Pacific Mail bid."*

Name of transport.	Voyage No.	Time included in voyage report.		Report X— Persons transported, cost on basis of "Pacific Mail bid."	Report Z— Freight and other items, cost on basis of "Pacific Mail bid."	Report X and Z—Total cost on basis of "Pacific Mail bid."	Report Y— Total Government cost of conducting same, less amount received for subsistence.	Difference in favor of army-transport service on basis of cost at "Pacific Mail bid."	Less cost of conducting transport service at San Francisco for one month.	Net difference in favor of army-transport service on basis of cost at "Pacific Mail bid."	Net difference against army-transport service on basis of "Pacific Mail bid."
		From—	To—								
Logan.....	10	Apr. 29, 1903	Aug. 9, 1903	\$111,545.00	\$37,637.08	\$149,182.08	\$49,079.57	\$100,102.51	\$6,500.00	\$93,602.51	.....
Do.....	11	Aug. 10, 1903	Nov. 15, 1903	63,925.00	13,446.84	82,371.84	62,000.13	20,271.71	6,500.00	13,771.71	.....
Do.....	12	Nov. 16, 1903	Feb. 12, 1904	88,800.00	35,831.19	124,631.19	49,527.90	75,103.29	6,500.00	88,603.29	.....
Do.....	13	Feb. 13, 1904	June 12, 1904 <sup>a</sup>	.....	.....	.....	.....	.....	.....	.....	.....
Sheridan.....	13	June 7, 1903	Oct. 11, 1903	67,750.50	37,845.22	105,595.72	70,175.80	35,418.92	6,500.00	28,918.92	.....
Do.....	14	Oct. 12, 1903	Jan. 14, 1904	108,471.25	21,851.30	125,322.55	58,165.54	67,157.01	6,500.00	60,657.01	.....
Do.....	15	Jan. 15, 1904	Apr. 15, 1904 <sup>a</sup>	.....	.....	.....	.....	.....	.....	.....	.....
Sherman.....	11	May 21, 1903	Sept. 17, 1903	141,183.00	86,104.51	227,287.51	51,948.59	175,348.92	6,500.00	168,848.92	.....
Do.....	12	Sept. 18, 1903	Dec. 15, 1903	83,319.50	51,709.38	135,028.88	53,254.23	81,754.65	6,500.00	75,254.65	.....
Do.....	13	Dec. 16, 1903	May 18, 1904 <sup>a</sup>	.....	.....	.....	.....	.....	.....	.....	.....
Thomas.....	13	Apr. 14, 1903	July 10, 1903	92,355.00	21,064.75	113,420.75	41,413.95	72,015.80	6,500.00	65,515.80	.....
Do.....	14	July 11, 1903	Nov. 11, 1903	43,197.50	25,643.08	68,840.58	60,001.05	8,839.53	(b)	8,839.53	.....
Do.....	15	Nov. 12, 1903	Mar. 15, 1904	78,860.00	52,609.42	111,469.42	69,514.92	41,854.50	6,500.00	35,354.50	.....
Dix.....	7	Sept. 11, 1903	Jan. 27, 1904	100.00	54,280.50	54,380.50	54,519.92	.....	(c)	.....	\$139.42
Total.....				874,526.75	423,023.27	1,297,550.02	519,812.70	677,737.32	58,500.00	619,237.32	139.42

<sup>a</sup> Report not received. Understood new form expense report superseded Form No. 284.

<sup>b</sup> Expenses of conducting service at San Francisco for one month deducted from Logan.

<sup>c</sup> Expenses of conducting service at San Francisco for one month deducted from Sheridan.

*Abstract of expenditure—Reports of army transports for voyages ending at San Francisco, Cal., during the fiscal year 1903, compiled on basis of the "Seattle bid."*

Name of transport.	Voyage No.	Time included in voyage report.		Report X— Person trans- ported, cost on basis of "Seattle bid."	Report Z— Freight and other items, cost on basis of "Seattle bid."	Reports X and Z—Total cost on basis of "Seattle bid."	Report Y— Government cost of con- ducting same, less amount re- ceived by Government for substat- ence.	Difference in favor of army transport for this voyage over the cost of same ser- vice on basis of "Seattle bid."	Less cost of conducting army trans- port service at San Fran- cisco, Cal., for one month.	Net differ- ence in favor of army transport for this voyage over the cost of same ser- vice on basis of "Seattle bid."	Difference in favor of "Seattle bid" over cost to Government for same service.
		From—	To—								
Logan .....	6	May 1, 1902	July 8, 1902	\$96,884.00	\$29,092.75	\$125,986.75	\$49,906.94	\$76,079.81	\$7,300.00	\$68,779.81	
Do .....	7	July 9, 1902	Oct. 13, 1902	59,550.00	18,739.43	78,289.43	56,137.27	22,152.16	7,300.00	14,852.16	
Do .....	8	Oct. 14, 1902	Jan. 13, 1903	86,975.00	30,045.58	117,020.58	56,476.13	60,544.45	7,300.00	53,244.45	
Do .....	9	Jan. 14, 1903	Apr. 28, 1903	87,365.00	29,368.50	116,733.50	63,452.69	53,280.81	6,600.00	46,680.81	
Sheridan .....	9	Apr. 1, 1902	July 19, 1902	187,931.00	16,130.90	204,061.90	84,311.90	119,750.00	7,300.00	112,450.00	
Do .....	10	July 20, 1902	Oct. 31, 1902	67,772.00	31,519.18	99,291.18	66,371.26	32,919.90	7,300.00	25,619.90	
Do .....	11	Nov. 1, 1902	Mar. 3, 1903	68,980.00	32,856.84	101,836.84	60,221.64	41,614.90	7,300.00	34,314.90	
Do .....	12	Mar. 4, 1903	June 6, 1903	104,244.00	23,741.01	127,985.01	57,452.69	70,532.12	6,500.00	64,032.12	
Sherman .....	9	July 16, 1902	Oct. 8, 1902	40,650.00	30,020.66	70,670.66	61,555.70	9,114.96		9,114.96	
Do .....	10	Oct. 9, 1902	May 21, 1903	41,302.00	37,458.68	78,760.68	145,712.37		6,500.00	6,500.00	\$73,451.69
Thomas .....	10	Apr. 15, 1902	Aug. 1, 1902	76,900.00	15,391.52	92,291.52	79,238.54	13,052.98	7,300.00	5,752.98	
Do .....	11	Aug. 2, 1902	Dec. 22, 1902	61,330.00	14,313.83	75,643.83	75,489.41	13,154.42	7,300.00	5,854.42	7,146.00
Do .....	12	Dec. 23, 1902	Apr. 3, 1903	101,000.00	20,948.79	121,948.79	57,861.96	64,086.83	6,500.00	57,586.83	
Total .....				1,080,898.00	329,627.67	1,410,525.67	914,189.02	563,283.34	84,500.00	492,423.92	80,596.69

Major DEVOL. In addition to that we charge up \$6,500 each voyage, or twelve times a year, for office and running expenses, which include the dock hire, the hire of all clerks, telephones, every expenditure, except my salary, which the Government would be obliged to pay anyhow.

This last year, taking a total of those reports, we make a showing of a saving of \$619,376.74. The only ship on which we show a loss is the transport *Dix*, on one voyage—voyage 7—in which we show a loss of \$139.42. On voyage 10 the *Logan* starts out with a saving of \$93,000, on the next voyage with a saving of \$13,000, on the next voyage with a saving of \$68,000, and so on, at the lowest bid at that time, which was \$30 for enlisted men, \$125 for first-class passengers, and \$4.50 for freight. That is all I take credit for.

The CHAIRMAN. Your figures show a saving over what it would have cost the Government had these soldiers and supplies been sent in vessels of private ownership?

Major DEVOL. Yes, sir; at the lowest bid.

The CHAIRMAN. The statement has been made to the Commission that the business could be done much cheaper by private parties than it is being done by the Government.

Major DEVOL. To combat that I can only call attention to the figures. The figures are a matter of public record, and if they are not correct I am answerable for it.

#### COST OF THE TRANSPORT SERVICE.

Representative HUMPHREY. May I ask you what you figure as expenses? What do you call expenses to the Government when you are making up the cost? You say you have made so much over and above the lowest bid. What items do you figure in your account?

Major DEVOL. We figure every item except any percentage on the original cost of equipment.

Representative HUMPHREY. Do you figure any repairs?

Major DEVOL. Oh, yes; as you will see if you will look over that report a little later.

Representative HUMPHREY. There was a statement made the other day in one of our newspapers—

Major DEVOL. I have another one that I will show you.

Representative HUMPHREY. What I refer to is a statement which was made in one of our newspapers the other day. I give it only as a statement entitled to the same credit ordinary statements of the kind would be entitled to receive. When General Humphrey was in Seattle, he said, according to this interview, that he had carried certain supplies from San Francisco, taken from here rather than from the Sound, because he saved \$8 a ton on the freight. That must have been an error. Was it not?

Major DEVOL. No, sir; I think that is a fact. I presume he figured that our rate there is carriers' option, either weight or measurement. We ship hay. The hay that we ship double compressed is two and a half times four dollars and a quarter, and it would run over \$10.

Representative HUMPHREY. The answer to that would be that the manager of the Boston Steamship Company, who has been before this Commission, and also the secretary of the Chamber of Commerce at Seattle, claim that at the time to which General Humphrey referred

when he made that statement they would have carried the same supplies which he mentioned for \$4.75 a ton. So they were unable to see how he saved so much, when they had agreed to carry it on a private ship for almost half what he said he saved.

Major DEVOL. They always have figured the hay at carriers' option, weight or measurement. Oats would figure one and a half. That would make very nearly \$8 a ton for carrying oats. That is what we have to pay. At that same time our transports had not sufficient freight to fill their capacity down here. So we would have had to have paid approximately \$8 a ton up there and sent our transports from this port partially empty, which we would construe as being dead loss, operating them on a commercial basis.

NO ALLOWANCE FOR DETERIORATION, INTEREST, OR TAXES.

Representative MINOR. Major, have you in your calculation made any allowance for deterioration?

Major DEVOL. No, sir.

Representative MINOR. Ordinarily, I believe, that is 5 per cent. Is it not?

Major DEVOL. We do not carry that, neither do we carry interest on investment.

Representative MINOR. Then you do not pay any taxes, of course, as shipowners would have to pay?

Major DEVOL. No, sir.

Representative MINOR. I notice here one item that I take it to be earnings: Total, 4,415 pounds letters, at \$1.60 a pound, \$7,064. If you were chartering a ship from a private party and that was a part of the cargo you would hardly allow that \$1.60 a pound.

Major DEVOL. We get that from the Post Office authorities. They stated that that was their lowest contract and we enter that. We get that each year from the Post-Office.

Representative MINOR. I take it if you were chartering a ship and loading her, letters not being a part of the load, you would get her at very much less expense?

Major DEVOL. Yes; there is no question about that. What we endeavor to show is what would be the cost had the transports not been in the service. We did charge up a loss last year. The *Sherman* ran aground and it cost \$73,000, as you will perhaps notice on this page. We charged that up against our earnings. There is a loss of \$73,000, a loss incident to her repairs in Hongkong and also to the time lost, which reduced the total earnings last year to \$492,000.

SHOULD THE GOVERNMENT REMAIN A COMPETITOR?

Representative MINOR. I do not think there is any doubt in the mind of any member of this Commission as to the work performed by your transports during the war. It was most excellent; there is no question about that; but a question has been raised with us as to whether it pays the Government to keep these transports on now, and whether it is a proper policy to keep them in the service as against private corporations doing like work. It is thought by a great many that perhaps it would be better, since we are trying to aid and build up the merchant marine, that the Government should not be a com-



petitor with our own merchant marine. That is the point I want to make, and of course that is the reason why our chairman has called for this information.

Major DEVOL. Yes, sir; I think in regard to that Mr. Schwerin will bear me out in the statement that as the law exists at present and as matters now stand they do not need the carrying of soldiers. The Government can make no contract beyond the present fiscal year, and it would cost the Pacific Mail or any other steamship company approximately \$100,000 each ship to fit their ships so that they could care for troops in the same manner as they are cared for now, with bunks, lavatories, special diet kitchen, and steam kitchen. I think it would hardly pay any private corporation to put in those fittings when the whole matter would have to be readvertised at the termination of the fiscal year.

Representative MINOR. The life of a ship theoretically is twenty years. A private owner charges off 5 per cent a year for deterioration.

Major DEVOL. Yes, sir.

Representative MINOR. If that were to be included in your statement how would that bring you out?

Major DEVOL. I think we would still show a very substantial gain. You mean 5 per cent on the original cost?

Representative MINOR. Yes; on the original cost.

Major DEVOL. Those four transports could probably be reckoned at \$4,000,000.

#### THE CASE OF THE "DIX."

Representative SPIGHT. You spoke a while ago of some losses on the *Dix*. It was stated to us by the manager, I believe, of the Boston Steamship Company, at Seattle, that they could have saved the Government \$150,000 on the *Dix* alone in two years.

Major DEVOL. I do not know what losses he referred to on the *Dix*. The only loss I have there is about \$150 on one trip. She has not been very profitable in comparison with the other ships. She has not been profitable. She has lost slightly, or never has been on the right side of the balance sheet, simply because she is a freight carrier and can not get a cargo homeward bound. But we have lately fitted her for an animal ship, so that she carries animals in addition to about 9,000 tons of cargo, and we expect hereafter on that basis that she will pay. She has taken out two cargoes of animals. She is in Honolulu now with a second cargo of animals in addition to about 9,000 tons of freight.

Representative SPIGHT. Do you think that statement of \$150,000 overestimated the loss?

Major DEVOL. I think so. I do not know what he based his figures on. The report last year shows a loss to the *Dix* of about \$150.

The CHAIRMAN. \$139.42, according to this statement.

Major DEVOL. But she could not have lost \$150,000, because you can send the *Dix* over there and back for from \$45,000 to \$50,000. If she had not taken anything she would not have lost more than that. It now costs about \$62,000 or \$63,000 to send one of these transports to the Orient and back, all expenses included. The *Dix* does not cost so much, because she is a freighter.

Representative HUMPHREY. How much time does the report you have submitted cover?

Major DEVOL. There are two fiscal years covered in those two

reports. In the last one there are three voyages missing, which would swell the total.

The CHAIRMAN (examining). This is for the fiscal year ending June 30, 1904.

Major DEVOL. There are three voyages for which we have not the data and could not fill out. Those voyages would swell the balance.

The CHAIRMAN. This balance shows a difference in favor of the army transport service of \$619,376.74.

Major DEVOL. Yes, sir.

#### DETERIORATION WOULD BE \$200,000.

The CHAIRMAN. Now, the item of deterioration, if reckoned at 5 per cent on \$4,000,000, would be \$200,000, and that would still leave \$419,376.74 to the credit of the transport service. But you have not reckoned anything, I suppose, as matter of interest—

Major DEVOL. No, sir; we do not charge interest.

The CHAIRMAN. Or other items of that kind?

Representative HUMPHREY. Can you state about what it has cost the Government per ton for carrying freight between here and Manila, for illustration?

Major DEVOL. I can only speak generally on that subject. The lowest bid now for this year is \$5 a ton, and we have done it, considering the carrying of troops and other cargo, mail, etc., at less than that figure.

We do not separate in our computation what it costs for freight. We take the entire earning of the transport into consideration.

#### TRANSPORTS UNINSURED.

The CHAIRMAN. Do you insure the Government property?

Major DEVOL. We never insure.

The CHAIRMAN. So you take that risk?

Representative HUMPHREY. Then, as I understand you, you have never segregated that item so as to be able to state approximately what it does cost for a ton of freight?

Major DEVOL. No; I could not, because the earning of the transport is very largely swelled by the fact of carrying troops and other passengers. If we had to carry freight alone we could not compete with commercial liners. That is absolutely true. We know that. Where we make our profit is in carrying eleven or twelve hundred men back and forth each way. Even at \$30 that number of men should pay for the voyages, and all the rest is profit.

The CHAIRMAN. Did I understand you to say that the steamship companies are not prepared to transport troops, that their vessels are not adapted to that work?

Major DEVOL. There are no vessels on the Pacific coast to-day, except transports—I think Mr. Schwerin will bear me out—at present fitted for carrying troops. Is not that the fact?

Mr. SCHWERIN. It is.

Representative HUMPHREY. What would be the cost to the commercial lines of fitting up for that work? Suppose they knew the trans-

ports were going out of service and that they would have the carrying of troops, how much would it cost them to get their ships ready?

COST OF EQUIPPING LINES.

Major DEVOL. I have figured roughly that it would cost to fit a vessel the size of one of our vessels, judging from experience, at least from \$75,000 to \$100,000 each vessel. It may be that a bunk could be put in more cheaply now than in the first instance, but as I understand it, the bunks cost in New York City during the war, including canvas bottom and installing, \$6.50 per man. Multiply that by a carrying capacity of 2,000 and it would make over \$12,000. Then there are the hospital, the special diet kitchen, the special steam kitchen, and the special lavatories, which the American troops have been educated up to, and which I do not think they would be contented to do without now. Those have all grown up since the inauguration of the service in 1898, when we did with much more simple appliances.

Representative HUMPHREY. Do you not believe that the commercial lines could fit up their ships and carry soldiers and freight at the price the Government is doing it?

Major DEVOL. Yes; I have no doubt—

Representative HUMPHREY. And still make a profit?

BELIEVES THERE IS A SAVING.

Major DEVOL. If they were protected 'by a five-years' or ten-years' lease and had some substantial remuneration for putting in the extra fittings and keeping a certain portion of the ship idle, which they would have to do to have a hospital and a special kitchen and these matters on hand, they undoubtedly could do it as cheaply as we could. I do not think that they could do it any cheaper. We hire the same class of people; go to the merchant marine of this city and attempt to get and do get, I think, as good people as there are on this coast. They are loyal to the service, and they work, I think, as cheaply for us as they work for the Pacific Mail or any other steamship company.

Representative HUMPHREY. Taking all things into consideration, do you think the Government is making a saving by having a transport service, leaving out of view what advantage it might be to the commercial lines to do the Government carrying?

Major DEVOL. Yes; I think it is making a saving as far as those reports show. Of course we have some reserve transports, the maintenance of which would have to be charged off against those transports, but the reserve transports are considered, I believe, as an insurance in time of war. We have transportation in this port, including the reserve fleet, for 10,500 men, which we could handle within two weeks. We got it ready in the time of the Panama trouble, and could have turned them all out in two weeks. The reserve transports enter into this calculation as an insurance against future trouble, but of course they lie there in reserve, and they do not earn any money.

Representative HUMPHREY. And the calculations you have made have been on boats that were actually being used?

Major DEVOL. Yes; actually used.

## WHITE CREWS ON THE TRANSPORTS.

Representative MINOR. You employ what they call here a European crew, I suppose?

Major DEVOL. Yes, sir; we employ only citizens of the United States.

Representative MINOR. And what wages do you pay seamen? Can you state that, Major?

Major DEVOL. Yes; we pay our seamen \$35.

Representative MINOR. And cooks and stewards? Have you that?

Major DEVOL. I have not that on this list.

Representative MINOR. Do you employ no Japanese or Chinese or other foreigners?

Major DEVOL. None whatever. The only exception is on the transport *Burnside*. She got a crew of Filipinos when she was in the Filipino service, and still retains them. They are American citizens.

Representative MINOR. There is no harm in that.

Major DEVOL. There are no Chinese employed whatever.

Representative MINOR. If you had employed Chinese crews your balance sheet would have shown still better?

Major DEVOL. Undoubtedly. There is no question but that we could operate with Chinese crews for a good deal less and with better results, in certain instances, than we do now.

The CHAIRMAN. Is there anything further, Major?

Major DEVOL. No, sir, I think I have nothing further to submit.

The CHAIRMAN. We are much obliged to you for your statement.

## STATEMENT OF I. E. THAYER.

Capt. I. E. Thayer appeared.

The CHAIRMAN. Captain, will you state to the Commission the line of business you are engaged in?

Mr. THAYER. I am a marine surveyor and shipbuilder, engaged at present in repairing a ship in the merchant service, and doing some merchandising.

The CHAIRMAN. Captain, you are familiar with the line of inquiry this Commission is engaged in, I presume?

Mr. THAYER. I think so.

The CHAIRMAN. The Commission will be pleased to hear from you on any phase of the question.

Mr. THAYER. Mr. Chairman and gentlemen of the Commission, it was my desire to present to you some observations, the result of nearly fifty years active connection with ships. My first introduction to actual business on the sea was as a boy on a New England fisherman in the year 1855, quite awhile ago. That was followed by an apprenticeship to what was then the best mechanical trade in the land. Following the various stages of apprentice, journeyman, draftsman, and master shipbuilder, and engaged in the forest in cutting ship timber and supplying the needs of the builders, I spent a number of years. Subsequently as a marine surveyor, a shipowner, and commission merchant in the island trade, I have kept in close touch with the merchant marine.

As stated, it was my desire to place before you some of the convictions forced upon me by close contact with the business under consid-

eration, but the statement of the honorable Senator, the chairman of this Commission, that you do not wish more history has very nearly closed my mouth.

Knowing your desire for facts and realizing that no adequate remedy for the removal of the effect can be applied without at least a partial knowledge of the cause, I crave your permission to encroach upon the forbidden ground on my promise that my trespass will be only slight and no more than required to trace the relationship between cause and effect.

#### A LONG LOOK BACK.

As stated, my active connection with ships commenced in 1855, the middle of the decade, 1850 to 1860, the palmy days of American shipping, a time when to be a shipowner, a shipmaster, a shipbuilder, aye, even a humble fisher boy on a Yankee schooner, was a matter of pride. In the years 1856 to 1861, as an apprentice in the Boston Navy-Yard, I often paused from my work to watch the launching of the finest specimens of naval architecture the world had yet known, as they slid from the ways of one or another of the half dozen shipyards on the East Boston shore.

I saw many of the celebrated clipper ships of the day, ships created largely to meet the necessities of this fair land, so dear to every Californian, launch and fit for the premier trade of the world.

The reputation of Boston builders, particularly Donald McKay, was world-wide. They not only built American ships, but they built British ships and continental ships.

Where are the Boston shipyards now? Where are the shipbuilders of that time? Long, long since, the last ship was launched from a Boston yard. "Here lies the body," tells the tale for most of the builders.

From the palmy days of the fifties to the present several changes have occurred that point a moral, and from a history of the past we must forecast a probable future.

But first let us look back of the fifties to learn the cause of that prosperity (we had no Republican Administration then). Another half century before that date both America and England had enacted navigation laws on somewhat similar lines, a leading feature of which was the restriction of ship owning to the product of their own yards. America had strenuously followed the idea of discriminating duty for our ships. We had, apparently unlimited in extent, the finest forests under the sun. Our people lived mostly on the seashore and a relatively large proportion by the sea. Here was a combination unapproached by any other nation.

Under such circumstances Great Britain repealed that portion of her law that prohibited the purchase of ships abroad and began buying the best of our ships.

Is it a wonder, then, that we became the shipbuilders for the world; that the Black Ball and other celebrated lines of packets on the Western ocean, James Baines's and other Liverpool-Australian lines, and the Cape Horn trade to California was practically all done in American-built ships.

In that prosperity we had the natural outgrowth of the existing conditions. Nothing short of a change of conditions could destroy that prosperity.

## OUR ADVANTAGE LOST.

Now, what change came? About 1839 or 1840 the steamship made its advent for business on the Atlantic, but did not make very rapid strides while its construction was confined to wood. Nearly coincident with the steamship iron, as the builder's material, came into use. It took fifteen to twenty years' experience to demonstrate the merits of iron as a shipbuilding material. The expiration of that time brings us to about the date of my first connection with ships. Adopting the profession of the American shipbuilder, I had not terminated my apprenticeship before I realized that I had chosen a decaying business, and that the art of the woodworker was to be superceded by that of the ironworker. In other words, about 1860 wood was dethroned and iron set up as king.

Now, that change just reversed the splendid combination we previously held. We could not then approach Great Britain in the production of iron.

A trifle later our civil war commenced, and the transfer of our American-built ships to the British flag received an acceleration very marked.

Had no change taken place in the building material, I believe we would have soon recovered from that excessive transfer, but by reason of the building of iron ships by Great Britain the stimulus of foreign orders fell from our yards, the rapid appreciation of the merits of the then existing iron ships by shippers and underwriters disparaged our wooden ships, and their demand rapidly fell off.

Our American people were slow to appreciate the situation. It was so recently that we had been building the finest and best ships that floated that we could not realize that another nation was building better. We closed our eyes to facts and tried to convince the world that they were wrong and we were right.

We did institute some inquiries; we called together the celebrated Boston convention of shipping men; we appointed Congressional commissions somewhat similar to the present, but on all such occasions assigned a variety of reasons more or less soothing to ourselves by placing the blame on the other nations or on every conceivable thing but the right one.

For a long period the transfer caused by the war was a leading reason assigned for the decline, but as years elapsed and no recovery took place that reason was no longer applicable, and the diversion of capital to internal improvements, railroads, etc., became the favorite. Finally, when the country was pretty well gridironed with railroads, that reason had to be discarded in favor of subsidized competition, etc.

In the absence of a better reason, we attributed our decline to the other nations' prosperity based on subsidy, completely overlooking the fact that the great increase in trade and the bulk of the commerce of the world was done in ships that never had received a dollar of subsidy or any other than legitimate earnings to sustain them.

## THE ROOT OF THE EVIL.

Those are but a few of the many reasons assigned for the decay of our maritime interests, but none of them reach the root of the evil. We may then ask, What is the reason of our decay?

I think that question is answered in three words—*cost of production*. We can not build ships as cheaply as Great Britain. We can not in high-priced ships earn dividends in competition with low-priced ships. We can not maintain a nondividend-paying business. The facts, I think, are self-evident. I think we have had testimony enough before us in this room to establish that. I believe this inquiry, as well as previous ones, has clearly demonstrated what I have stated. If, then, our starting point is based on facts and we follow our reasoning to a logical conclusion, what will be the result? As our ships on the great highway of nations must be in direct and active competition with those built in Great Britain and Germany and will cost 50 per cent more (we may modify that to 35 per cent, according to testimony here, although some say it runs as high as 100), we must either have that difference compensated by some gift from an outside source, content ourselves with a lower dividend, or buy ships at prices paid by our competitors.

•  
ADVOCACY OF FREE SHIPS.

Would any of us for a moment entertain the idea of investing heavily in any business ashore and depend on a direct contribution from the public treasury to keep it alive? Would any of us with the object lesson of the idle ships in this harbor entertain the idea of lower returns than *they* are likely to give? Of the three alternatives would not the one to buy at bed-rock prices in the cheapest market and then strive for a return on that lower investment, strike you as the most businesslike? But that is free ships, and it is popularly claimed that free ships would destroy all our American shipyards.

But I have already shown that destruction has overtaken our shipyards under the policy of closed shipping, and I ask how are free ships to do us more harm? If we have reached the deplorable condition that is conceded, why not try a period of free ships in full faith that they can not make us worse and may do us good? I think we can be no worse off than we are now.

Representative MINOR. We regret the condition and we want to make it better. We do not want to try any experiment that is liable to hold shipping in its present condition.

Mr. THAYER. If you are a sick man a doctor takes you in charge. If he does not know what is the matter with you he will experiment on you. He will either kill you or cure you.

Representative MINOR. We have that kind of doctors.

Mr. THAYER. That is just what you have to do with your ships. But let me present to you a few figures that I have gathered from the yearly returns from the shipyards of Great Britain and Germany, in the hope that they may dispel the fallacy that free ships are injurious to the shipyards of a country. My friend Dickie this morning stated to you—I was a little surprised—that he was afraid they could not continue business under free ships. I have here the returns from the yards of Great Britain and Germany for the years 1888 to 1903, that show clearly the wonderful prosperity of the latter under the free-ship rule:

*Shipbuilding in Great Britain and Germany.*

Year.	Great Britain.			Germany.		
	Yards.	Ships.	Tonnage.	Yards.	Ships.	Tonnage.
1888			α 800,000	7	42	33,458
1889	69	599	1,206,691	10	94	92,667
1890	67	539	1,112,671	9	58	54,347
1891	70	658	1,141,077	7	51	51,715
1892	74	598	1,155,720	8	37	47,061
1893	70	471	841,006	7	39	35,337
1894	70	528	1,028,311	14	60	58,914
1895	70	623	1,032,787	11	64	71,796
1896	70	747	1,268,755	12	54	66,175
1897	70	692	1,045,720	20	94	152,884
1898	70	726	1,522,242	17	97	117,889
1899	70	633	1,546,263	23	121	284,291
1900	71	610	1,554,357	20	100	228,044
1901	68	542	1,664,576	29	146	267,613
1902	69	615	1,486,091	28	163	289,453
1903	70	590	1,312,530	27	178	271,619

α Estimated.

We find the shipbuilding business of Great Britain well established at the commencement of this term and to have remained during all the time remarkably steady. The output in but one year falls below 1,000,000 tons, but for the past six years there has been, approximately, an average of 1,500,000 tons per year. During all this time, next to her own subjects, the Germans were the best customers of the British Isles. But a short time before the commencement of this period Germany's maritime interests were comparatively insignificant. However, there was a tendency toward the sea, and having no scruples about buying in the cheapest market, Germany commenced the absorption of a number of the best built British ships of the day.

The CHAIRMAN. Germany in that period did not have shipyards to build her own ships.

Mr. THAYER. I will show you that she has built her shipyards by buying ships.

The CHAIRMAN. But at that period?

## GERMANY'S FREE SHIP POLICY.

Mr. THAYER. She did not have many shipyards at that time. In the early part of the period under consideration, by reason of having no extensive yards of their own, they placed their full orders with their neighbors and bought the best the British yards could produce. Every fine ship added to the German marine seems to inspire a demand for more until the Germans came to be quite a factor in the British shipyards. It has been acknowledged in the shipping papers of Great Britain for the last twenty years that Germany was their best customer, that next to British subjects Germany takes more of their ships than any other nation. Taking the generally accepted American view of this business the result attained would be the total destruction of the home shipbuilding yards and industry. But that was not the result. The statistics clearly show the reverse. As is shown by the table I submitted, in the years 1889 to 1903 Great Britain has never maintained less than 67 yards and never more than 74 yards in any one year.

They follow along 69, 67, 70, 74, then for seven years 70, then 71, 68, 69, and 70. British yards are permanent; they do not change. There



are practically no more now than there were fifteen years ago, and there are practically no less.

Beginning with the same year, 1868, 7 German yards turned out 42 ships. The next year 10 German yards turned out 94 ships of 92,667 tons. The next year there were 9 yards, then 7, 8, 7, etc., and in those eight or nine years they turned out from 30 to 60 ships a year. In the nine years they had not reached a tonnage of 100,000 tons.

During all that time they were absorbing British tonnage; they were large patrons of the British yards; they were practically placing their orders there and buying the best they could get. Under that stimulus, under the stimulus of free ships and being shipowners, they began to increase their own facilities until, in 1897, in 20 yards they built 94 ships of 152,884 tons.

The CHAIRMAN. And they were giving very large subsidies, were they not?

Mr. THAYER. I think not. These are tramp ships, I think, mostly, and are not getting subsidies.

The next year Germany had 17 yards and built 97 ships of 117,889 tons. The next year there was an increase to 23 yards, which built 121 ships of 284,291 tons; the next year 20 yards built 100 ships of 228,044 tons; the next year 29 yards built 146 ships of 267,613 tons; the next year the same number of yards turned out a tonnage of 289,453, and last year a tonnage of 271,619 tons.

There is no more brilliant example of maritime prosperity than that of Germany. The increase in the past fifteen years from 7 to 29 shipyards, and from a yearly output from 30,000 tons to nearly 300,000 tons, is an object lesson that Americans in their dilemma should not pass idly by.

The CHAIRMAN. Will you kindly explain to the Commission how the privilege of buying ships abroad enabled Germany to establish her shipyards and build her own ships?

Mr. THAYER. Yes, sir; I can do so very easily.

The CHAIRMAN. We would like very much to have you do that. It looks anomalous to me.

#### WHOLE COST IN REPAIRS.

Mr. THAYER. The life of a ship does not exceed an average of twenty years. In twenty years' time we spend in the repair of a ship in our own yards the full value of the cost of the ship. As I have often said to Mr. Irving Scott and to Mr. Dickie also, if there are 40 ships to-day in San Francisco the repairs of which go to the Union Iron Works, the Fulton Iron Works, and two or three more, they have an equivalent in labor to that required in the construction of two ships of the same average size. That if we double the local tonnage and increase 40 to 80 steamships, even though we buy them of foreigners, we double the requirements for repairs from the equivalent of 2 ships to that of 4 ships constructed, thereby doubling the force of shipbuilders and increasing the business of the present shipyards.

Any increase in number of locally owned and operated ships will have a proportionate effect.

If then you compare the actual construction in this city for a period of fifteen years, averaging perhaps one-third of a ship per year, with repairs ranging to the equivalent of from 2 to 5 ships, it is easy to see

that the upbuilding of our local shipyards must come through the repairs.

Especially will that be the case as long as the great disparity in the cost of construction in this and foreign countries exists.

The cause of Germany's prosperity and the establishment of her magnificent shipyards is readily traced through that channel.

Become *shipowners* and shipyards follow as a natural sequence.

The CHAIRMAN. But Mr. Dickie, who is a practical man and impressed me as understanding the business very profoundly, says the repairs have been made in foreign yards because they could be made so much cheaper there.

Mr. THAYER. As a rule you will find that all shipowners, Mr. Rolph and others, prefer to have their repairs made at home. We rarely have any repairs done in Australia. Perhaps Mr. Schwerin has some repairs made in Hongkong—it might be cheaper there—but you will find that very few sailing vessel owners here ever have any repairs done in Australia.

#### GERMANY'S LIBERAL SUBSIDIES.

The CHAIRMAN. Is it not true that at the very time you cite as the period of activity in German shipyards subsidies were paid to the German lines, with a specific provision that the ships should be built in German yards, and that during that time the materials for shipbuilding were hauled on German railways at cost?

Mr. THAYER. I do not think so. It may be so, but I never heard of it.

Representative MINOR. That is true.

Mr. THAYER. I have followed very closely the history of German shipping, and I am not aware of it.

The CHAIRMAN. Do you know that Bismarck inaugurated that policy and the present Kaiser is carrying it out; that they are giving all sorts of rebates on railroads in the matter of material which enters into ships they are building; that those ships which are receiving subsidies are ships built in their own yards, and that as a matter of fact they have practically ignored the policy of free shipbuilding, and in the case of the last two ships provided to be built in Germany a specific provision is put in the law that they shall be built in the German yards, just as England has gone back on the free-ship policy when in the law providing for the building of the two ships for the Cunard steamship line, for which England has put up the entire amount necessary to build, she provides that they shall be built in British shipyards? Those are matters of record.

Mr. THAYER. You probably refer to one or two of the Atlantic greyhounds. They certainly have not turned out an Atlantic greyhound a year, and there is no Atlantic greyhound that exceeds over 20,000 tons. They have built from 275,000 to 300,000 tons in German shipyards. What becomes of the rest? They have built up at least two or three of the finest shipyards in the world. They have built shipyards there under the free-ship policy that are not equaled in Great Britain. The Blåhm and Voss yard, of Hamburg, and the Stettin yard are not equaled in Great Britain, and they have grown up under the free-ship policy.

## WHO WOULD RUN FREE SHIPS?

The CHAIRMAN. There is one other point that troubles me in reference to this matter. The testimony universally, starting in at New York and ending at San Francisco, has been that the cost of operating ships is from 30 to 40 per cent more for an American ship than a foreign ship. Foreign governments are paying subsidies and we are not. We have been unable to find a man who is operating ships who has been willing to say to this Commission that if he could go into the markets of the world and buy ships, practically closing our American shipyards by so doing, he could run his ships as against the foreign ships.

Mr. THAYER. Senator, you have not found anybody in this city to come before you and say that, but I can go out and find you 40 ships that are being run that way, that are owned in this port and operated under a foreign flag. They are owned right in this port. I can not bring you the men. The men do not want to come here and tell you that.

The CHAIRMAN. Those mythical men are still around San Francisco somewhere.

Mr. THAYER. While on the tug viewing the harbor I did point you out some of the ships.

Representative MINOR. They seem to be busily engaged in hanging to their anchors up here in the bay.

Mr. THAYER. People put their money in them, just the same. They have done what the Senator asked if they would do; they put their money in them.

The CHAIRMAN. Are you prepared to make an investment in foreign ships if Congress gives you that privilege, and to enter into a contract to sail the steamships under the American flag?

Mr. THAYER. I am not a financial man, Senator. As far as my financial ability would admit, I think I might.

Representative HUMPHREY. I think if you agree to do that and purchase it—

Mr. THAYER. I think as far as my financial ability would permit.

Representative HUMPHREY. I will, for one, vote to give it an American register and let you experiment on it.

Mr. THAYER. Now, to finish my remarks, the repairs on steamships alone is a large industry. No ship can survive twenty years' service without a bill of repairs much in excess of her original cost.

## REPAIRS AT HOME.

The natural inclination of all shipowners to do repairs at home under their own supervision, sustained and even increased local facilities until some of the German lines in their extensions and upbuilding would perhaps place an order for one ship on the Clyde, another on the Mersey, and a third in a home yard.

That was the policy of one of the German lines when they built three ships. I can not call the names of the ships. They placed one on the Clyde, one of the large ships at Birkenhead on the Mersey, and one was built in their own yard at Stettin. I think this, the early ship which was the cause of the inception of the Stettin yard was when the North German Lloyd placed a contract for three ships, one in Scotland, one in England, and one at home.

## NO SHIPBUILDING BEFORE SUBSIDY.

Representative MINOR. Speaking about German ships, is it not a fact that no considerable shipbuilding was done or no considerable yard established in Germany until after that Government began to pay subsidies?

Mr. THAYER. I do not think so.

Representative MINOR. But is it not a matter of history? I assume that it is.

Now, another thing. You speak about upbuilding the shipbuilding interest in Germany. Is it not a fact that wages in German shipyards are very much less than they are in the English yards?

Mr. THAYER. Yes, sir; I think so; and to come to the very point therein, England acknowledges Germany as a dangerous competitor. England does not regard the rest of the world with any consideration whatever. She does regard Germany as a dangerous competitor.

As I was remarking in regard to German shipbuilding, the ball set in motion like an avalanche grew rapidly, and we note from a yearly output of 30,000 to 90,000 tons from 7 to 10 yards a steady and rapid growth to nearly 300,000 tons from 23 to 29 yards yearly for the past five years.

Does that fulfill the prophecy of destruction to the home industry?

The facts are quite the contrary. Within this period the great yards of the Stettin Company and Blahm & Voss, of Hamburg, have been created and they have given to the world the latest record breakers of the Atlantic greyhounds.

England formerly fearing no competition, now stands aghast at the German progress.

Gentlemen, I clearly believe our American shipyards have been killed and a most desirable business almost obliterated from the country by an excess of well-meant but ill-advised patriotism. I think the leading trouble with our yards to-day is simply a patriotism which insists on building our ships at home.

## OWNED A FOREIGN WRECK.

The CHAIRMAN. Captain, let me ask you a question right there. I think you were in Washington last winter?

Mr. THAYER. Yes, sir.

The CHAIRMAN. You had taken possession of a wrecked foreign ship?

Mr. THAYER. Yes, sir.

The CHAIRMAN. You wanted to repair her?

Mr. THAYER. Yes, sir.

The CHAIRMAN. Why did you not put her in the foreign trade and not bother us about giving her an American register, so that you might operate her in the coastwise trade, from which foreign ships are excluded?

Mr. THAYER. Because I wanted the profits of the coastwise trade.

The CHAIRMAN. Precisely. To carry out your policy why did you not put her in the foreign trade? You say it can be done.

Mr. THAYER. Because I wanted the more profitable one. I am like the man my friend Minor cornered here, and who frankly admitted he wanted all he could get. I am just as frank.

Representative MINOR. Do you want all the foreign ships you can get to enter into the coastwise trade?

Mr. THAYER. My remarks have been chiefly applicable to the American foreign trade that is outside the jurisdiction of our protection. The coastwise trade we can protect.

Representative MINOR. We can not protect it if we authorize our citizens to go abroad and buy foreign ships and put them under the flag, admitting them to the coastwise trade.

Mr. THAYER. Then exclude them from the coastwise trade, if you want to do that. I am merely stating facts. I let you draw your own conclusions from the facts. If you will excuse me a moment, I should like to get through with my paper and then you can ask any question you wish.

As I said, I clearly believe our American shipyards have been killed and a most desirable business almost obliterated from the country by an excess of well-meant but ill-advised patriotism. We have forced the payment of double value for our ships rather than acknowledge that we could buy them cheaper.

As an American I deplore the situation. It is a humiliation to see a business once the pride of our nation transferred to a competitor. But it is a deeper humiliation to close our eyes to facts and persistently refuse the remedy.

The drowning man who refuses the plank you throw him would fail to command your admiration.

It is needless for me to suggest a remedy. I have at some length presented some facts from which your intelligence will draw the conclusions.

I have already intruded upon your time and patience by my presentation of the case from a view point not agreeable to any of us, but I hope, at least in a small measure, to awaken thought in the direction of truth.

In my estimation the crowning feature of the business under consideration is restoration.

Like resumption, the best way is to resume. The best way to restoration is to restore. For our grand old flag floating over a naturalized ship I feel the same pride as I do in the accession to our ranks of the talented foreigner who seeks a home in this country and becomes an American citizen, and identifies himself with our American interests. It is the others' loss, our gain.

#### A CONFLICT OF OPINION.

Now, gentlemen, that is the position. I leave you to draw your own conclusions. I have been a close student of the shipping history of the world for fifty years. I have watched all our inquiries and shipping conventions. Every inquiry that we have ever had resulted in gathering together just such information as this one, and out of the conflict of opinion nothing, as a general rule, comes. That has been the result of all the inquiries we have had, and we have had several.

On the occasion of many of the Congressional inquiries the chief shipbuilders of the country have been called in conference, with the result that any free ship suggestion has usually received its quietus on the unsupported statement of these gentlemen, that they could build ships in this country as cheaply as they are built in foreign countries, but always with the proviso, of the same class.

Follow some of the same gentlemen before a commission on mail or

ship subsidy and contrast their statements. Here we find them exploiting the excessive cost of construction in this country as compared with England and Germany.

The ship owner is always strongly in evidence before Congressional inquiries, and for self-preservation is against free ships.

The result: A strong, healthy growth of our protected coasting trade, almost the entire obliteration of our unprotected foreign trade.

Now, we have had growing out of shipping inquiries in the last forty years such a multiplicity of information and such a contradiction of views that there never has been a reconciliation of them. The real fact, as I have stated here, has always been dodged. It was not a pleasant one. We always like, if we have troubles, to put them on to the other fellow; we never like to admit that they are our own. I think in this case some of them are our own.

The CHAIRMAN. Captain, you have made a very interesting statement in advocacy of free ships. I may be all wrong about this matter so far as my view is concerned, but I wish to elaborate your argument a little. You say we can not build ships as cheaply as Great Britain, hence free ships. Is that right?

Mr. THAYER. That is it.

#### HOW ABOUT MANUFACTURING?

The CHAIRMAN. How would it be if we said we can not manufacture cotton or woolen goods in New England as cheaply as Great Britain, hence free trade in manufactures?

Mr. THAYER. Senator, I think you will easily admit the difference between inside and outside. In America, supplying our own people with goods, you can easily protect any article. If two railroads want locomotives and you protect each locomotive to the extent of \$10,000 duty or taxes or anything of that kind, your two American railroads run on the same basis. On the other hand, if two men want ships and one, an American, pays \$150,000 for his ship and the other, a Britisher or foreigner, pays \$100,000 for his, how are they to run on an equality?

The CHAIRMAN. But suppose we can equalize conditions on the high seas as we have equalized them on land, what then?

Mr. THAYER. Is it possible?

The CHAIRMAN. That is what we are inquiring into.

Mr. THAYER. The high seas are a public highway. They belong to everybody. They belong to all nations.

Representative HUMPHREY. But our commerce necessarily does not belong to all nations.

Mr. THAYER. It goes outside. It goes on the high seas.

The CHAIRMAN. Of course, we do not intend or expect to regulate foreign shipping any more than to regulate foreign manufacturing plants.

Mr. THAYER. I should like to have this article go into the record. It is from "Fairplay." It can be read if you would like to have Mr. Marvin read it. It is in regard to French shipping and shipbuilding.

The CHAIRMAN. It can be just put in the record.

Mr. THAYER. Very well.

[See end of Mr. Thayer's statement.]

The CHAIRMAN. I think there is a great deal of force in my sugges-

tion. I may be wrong. In California you can not produce wool as cheaply as foreign countries; why not free trade in wool? We can not produce tin plate as cheaply as Wales; why not free trade in tin plate, along the same line as your argument?

A PROTECTIONIST ON THE LAND.

Mr. THAYER. I did not suppose when this inquiry started yesterday morning that it was going to take so much of a free-trade and protection phase. I may say in connection with my paper that I am a protectionist.

The CHAIRMAN. On the land?

Mr. THAYER. Yes; on the land, where I can protect. Where practicable I am a protectionist, but when forced to go out into the open where I can not protect, I am a free fighter for what I can get.

The CHAIRMAN. England is free trade on land but a protectionist on sea. That is the difference.

Mr. THAYER. I do not know wherein England protects on the sea. I do not know where her protection comes from on the sea.

The CHAIRMAN. I think her subsidies are a protection to her shipping.

Mr. THAYER. The subsidies of the English nation do not reach 1 per cent of her ships. The English tonnage has grown up entirely outside of the subsidy.

The CHAIRMAN. Why do you think she is giving that money to her shipping if it is not necessary?

Mr. THAYER. She is giving that money to her shipping for an equivalent, for just exactly what Major Devol brought forward here, insurance. Major Devol's ships lying at anchor out in the bay in the hands of the Quartermaster's Department do the same thing that England requires of the Cunard Steamship Company to-day—the company you mentioned. England has the right to take their ships when she wants them.

In 1885 I went across the Atlantic, and there was a little bluff running between Great Britain and Russia. Six of the greyhounds of the Atlantic were taken off in June and July for the rest of the season and held in readiness by the British Government. That is what they had for years been paying for. They took those ships right off the best and most profitable business of the Atlantic. Is there any man in America who will say that that would not be good policy for our Government?

Representative HUMPHREY. That is just what I was going ask you.

Mr. THAYER. Would any man say it was not good policy for our Government? Is not that something that is straight business?

The CHAIRMAN. Suppose Congress in its wisdom can devise some means of aiding American shipping in that or some other direction, thereby enabling our shipyards to construct ships, would it not be equally as good policy as that which Great Britain has adopted?

HELPING THE SMALL VESSELS.

Mr. THAYER. Certainly. But that is very limited in its reach. That is not going to reach the great bulk of our people here who own steam schooners and who own small sailing vessels and such things. I see around me a hundred men and not one of them will it touch. I may

look in the other direction and find one powerful steamship company that would reap a benefit.

The CHAIRMAN. Suppose Congress in its wisdom could devise some plan to give a little aid to that class of vessels, what then?

Mr. THAYER. Better still.

The CHAIRMAN. Of course we could not do that if we are to have free ships; we might as well abandon the effort.

Mr. THAYER. My opinion is that we could. Unfortunately I own a ship. If I could go and buy another one for half the price I might even up on the two and then make some money.

The CHAIRMAN. What puzzles me is that while you are such an advocate of free ships you did not take that foreign ship and put her in the foreign trade and not come and ask Congress to put her in the coastwise trade and in that way crowd out an American ship.

Mr. THAYER. She is an American ship. I did not crowd out another American ship. I spent nearly as much in her restoration as the cost of a new ship in an American yard and fully merited the flag that was bestowed on her.

The CHAIRMAN. We made her an American ship at your earnest solicitation.

Mr. THAYER. That is right, and I have shown you the American flag over American property. I have restored to the extent of one ship. I take pride in the fact that my humble efforts, and the gracious act of the American Congress, has taken from the British merchant marine one of its finest specimens, and that the grand old flag of America now adorns its peak.

The article referred to is as follows:

#### FRENCH SHIPPING AND SHIPBUILDING.

A very unfavorable picture of the present condition of the shipping and shipbuilding industries in France is drawn in a report recently sent to this Government by the German vice-consul at Nantes. This gentleman says that the various sailing-ship owneries, which were called into existence at Nantes and St. Nazaire by the mercantile marine law of 1893, are realizing very poor results in spite of the high navigation premiums, and he attributes this state of things to two causes: (1) The extremely low rates of freight obtainable, and (2) the exaggerated price which had to be paid for vessels purchased or ordered to be built. The financial position of most of these owneries, the report goes on to say, instead of improving last year, became worse when compared with that of former years; in many cases the greater part of the share capital has been lost and in others it has been wiped out altogether—one of the owneries suffered a loss of 1,200,000 francs, and some of them, in order to meet their liabilities, are selling their ships at ridiculous prices. An instance is given of one large sailer, bought at 750,000 francs three years ago and sold for 300,000, and many have been got rid of at relatively still lower prices. Under these circumstances the orders for building large cargo steamers have been scarcer than was anticipated at the beginning of last year, notwithstanding the inducements of the new bounties law. As a matter of fact, these orders almost completely ceased, and work in the shipyards and in the various branches of trade connected with shipbuilding fell off and is still extremely slack.



In 1903 the vessels built in the yards at Nantes, Chantenay, and Rezé were: Four cargo steamers, each of 2,530 tons gross; one small cargo boat of 935 tons gross; two passenger steamers, each of 1,671 tons gross; six small passenger boats of, altogether, 919 tons gross, and eleven small steamboats, tugs, etc., of, altogether, 359 tons gross. In the aggregate, then, the tonnage built in these yards amounted to 15,675 tons gross, against 56,237 tons in 1902 and 78,201 tons in 1901. Thousands of workmen have, in consequence, had to be discharged, and, according to estimates declared to be rather too low than too high, there were, at the beginning of February this year, from 12,000 to 15,000 men without employment. The vice-consul finishes his report by saying: "The artificial system of bounties, by means of which shipbuilding and shipping traffic would, it was hoped, receive a mighty impetus, has up to the present had a most unfavorable effect."

Since the publication of the German vice-consul's report two or three items of news have come to hand, giving force to his remarks. At a general meeting of the shareholders in the *Compagnie de Navigation à Vapeur* the "Lloyd Français," formerly "Lloyd Normand," held in Paris on the 22d June, the dissolution of the company was voted; its capital was 225,000 francs. An extraordinary general meeting of the shareholders in the *Société Française de Navigation*, "Extrême Orient" (capital, 1,250,000 francs), is called for the 12th July, to take into consideration a proposal to liquidate. Finally, it is announced that a scheme for the thorough reorganization of the greatest of all French shipping companies—the *Compagnie Générale Transatlantique*—is under consideration. This company possesses (according to the last balance sheet) a share capital of 40,000,000 francs and a bonded debt of over 100,000,000. The directors propose to reduce the capital to 12,000,000 francs, and then increase it again to 28,000,000. The result of last year's working was, as already stated, a net profit of 7,850,000 francs, which has been devoted to the write-off and additions to the reserves.—(Fairplay, July 14, 1904.)

#### STATEMENT OF HON. EDWARD J. LIVERNASH.

Representative LIVERNASH. Mr. Chairman and gentlemen of the Commission, I do not desire to give testimony, strictly so called, but rather to make two suggestions.

When the Patterson amendment to the subsidy bill was under consideration in the Senate, during the first session of the Fifty-seventh Congress, it was represented by the late Senator Hanna and by Senator Frye, on the floor of the Senate, that in our China trade the employment of Asiatics as stokers was necessary because the tropic heat forbade the employment of Caucasians. At this port better than elsewhere in this country, I think, the misinformation which led to the mentioned representations can be corrected.

The steamships of the Oceanic Company plying between San Francisco and Australia cross the equator and are for much of every voyage in tropic waters. Nevertheless, white stokers exclusively are employed on them. The vessels of the Pacific Mail Company engaged in the trade between San Francisco and Central America traverse a calm belt of the Pacific wherein the heat is greater than in the China trade, yet only white stokers are employed on them. So the ships of

our transport service out of this port go nearer the equator in reaching the Philippines than do our China liners in reaching the Asiatic mainland, and the transports carry only white men in the stokehold.

If the Commission is in any doubt of the accuracy of my statements in this regard, I hope testimony will be taken, there being now present in this room gentlemen having exact knowledge on the subject—for instance, Mr. Schwerin, of the Pacific Mail Company; Major Devol, of the United States transport service, and representatives of the Oceanic Company.

My second suggestion has to do with the putting in of further evidence on behalf of the seamen. Greatly interested in the shipowners' and shipbuilders' sides of the inquiry the Commission is making, and in the case for the mercantile class, I feel also a lively concern for the seamen. The very able and interesting testimony of Mr. Schwerin given during the forenoon holds much of direct bearing on the seamen, and it is possible that the sailors' union of the Pacific will wish to amplify its showing, in view of some of the statements made by Mr. Schwerin. Therefore, on behalf of that organization, I request that an opportunity be given it to submit some additional written matter before the report of the Commission be made.

The CHAIRMAN. I think, Mr. Livernash, there will be no objection to a paper being filed of that description and becoming a portion of our record, you vouching for it.

Mr. LIVERNASH. Yes.

#### STATEMENT OF EUGENE STEIDLE.

Eugene Steidle appeared.

The CHAIRMAN. Will you state to the Commission what line of business you are engaged in?

Mr. STEIDLE. I am secretary of the Marine Cooks and Stewards' Association. I will confine myself to a few remarks, as briefly as I can, to give you some facts and figures in order to show you the condition at the present time on the Pacific coast on steamers, on sailing vessels, steam schooners, and so on. I should like to give you the average wages for cooks and stewards on steamers.

Representative MINOR. On steamers engaged in the coasting trade or the foreign trade?

Mr. STEIDLE. In the coasting trade.

Representative MINOR. I wish to say to you in advance that this Commission has no jurisdiction over that matter; we are not authorized to deal with it at all; but we will listen to whatever you may suggest briefly in reference to it. Our inquiry is confined absolutely to ships engaged in the foreign trade.

Mr. STEIDLE. I can give you also figures for the foreign trade just the same.

Representative MINOR. We shall be glad to get those.

Mr. STEIDLE. You want the figures for steamers in the foreign trade. The average wages are \$29.50 in the stewards' department. The average wages, stewards' department, steam schooners in the coastwise trade—you do not want me to give that?

Representative MINOR. Oh, go ahead. What is it?

Mr. STEIDLE. Fifty dollars on steam schooners; on sailing vessels, \$52.50. The average working hours on ocean-going and coastwise

vessels are thirteen and a half. The average employment during the year is eight months. The accommodations for the safety of the crews and the space for the healthful preservation of the crews are very poor—not always, but on most vessels.

Representative MINOR. To which vessels do you refer?

NEED OF BETTER FOOD.

Mr. STEIDLE. I refer to the coastwise trade specially, not to steamers. In regard to coastwise vessels, I can state that in most of the vessels there is no arrangement made for lockers, so as to preserve the food, such as the meat. They simply push it in, and it is exposed to the sun and weather, and if the ship has about two days to go to a place to get food and stores it will actually rot and is unfit for any man to eat. This is a waste to the shipowner also, which he has never seen into yet, and never will, perhaps.

As far as the food is concerned for men who go in sailing vessels in the ocean trade and the coastwise trade, those men say it is not as it ought to be. It is about the same as the food that was given to the men in the Army a hundred years ago, the same as the old army beans and the pork, and it should be improved a good deal.

Representative MINOR. Do you refer to the food schedule provided by act of Congress?

Mr. STEIDLE. I do, sir.

Representative MINOR. Is there a better one furnished in the world?

Mr. STEIDLE. I do not know about that. There might be. I am speaking of the conditions the same as they are here.

Representative MINOR. We ought to be able to compare them with others.

The CHAIRMAN. Every seaman who has been before the Commission has said that our food schedule is superior to that of any other country.

Mr. STEIDLE. It may be, but it is not the same as it ought to be. It is simply a matter of salt horse, as much as I know. A ship goes out at sea and in about two or three days they have to live on salt horse. That is all they have. I know vessels that have been out here in the coastwise trade and after they are out two days and encounter a rough sea they are absolutely out of rations. They are not provisioned the same as they ought to be, and it is due entirely to the fault of the shipowner.

If you do not want to hear any statement in regard to the coastwise trade I have no more to say.

Representative MINOR. We have no jurisdiction over that.

STATEMENT OF ANDREW D. PORTER.

Andrew D. Porter appeared before the Commission.

The CHAIRMAN. Whom do you represent, please?

Mr. PORTER. I represent the Brotherhood of Boiler Makers and Iron-ship Builders of America.

The CHAIRMAN. Proceed, Mr. Porter.

Mr. PORTER. I should like to present to the Commission a letter that has been gotten up by the Brotherhood of Boiler Makers and Iron-ship Builders for the interest of building ships in America. I will present the letter to the Commission.

I will further state that our constitution and by-laws were gotten up for the purpose of interesting the shipowners as well as the mechanics of America. If you do not mind I will read it.

The CHAIRMAN. Proceed.

#### SHIPYARD WORKMEN FOR SUBSIDY.

Mr. PORTER. It was unanimously adopted as the sentiment of this order:

"That the Brotherhood of Boiler Makers and Iron Shipbuilders of America believe that Government aid is necessary to induce citizens of the United States to build and operate on the ocean merchant vessels to carry our foreign trade in competition with the vessels of foreign nations, which now monopolize said trade to the almost entire exclusion of vessels of our own country; and

"Whereas the interest of the whole country, the reenforcement of our Navy, the enlargement of foreign markets for our surplus products, the increased employment of our workingmen in the mine, factory, shipyard, and boiler shop, and the training of able seamen would all be promoted by the restoration of our merchant marine to its former position on the seas of the world; Therefore,

"*Be it resolved,* That in our opinion it is the duty of Congress at the earliest day possible to enact legislation to secure such restoration by the payment of subsidies to American-built mail carriers and freighters sufficient to enable them to compete with the subsidized and bounty-fed merchant ships of foreign countries in the carrying of our imports and exports."

I will state that I have heard some remarks made by some of the shipowners here, and as a working man I know it is for my interest that the ships should be built in this country.

#### LITTLE WORK ON FOREIGN VESSELS.

I will also state that since I have been working at this business, at shipbuilding and boiler making—twenty-five years—I know there is very little work done here by the shipyards on foreign vessels. The repairs on them are very slight. Take any ship that comes in that is injured in any shape, form, and manner, the repairs are put up for bids. If there is quite a big bill on a ship that is owned by a foreign company they will make the repairs very slight. We will take the *Algon* at the present time. She is now at Hunters Point dry dock undergoing repairs to the amount of something like \$75,000. There was quite a time bidding on that job. They were going to take the job away from here; and, as far as the mechanics are concerned, their wages are just the same here as they are in any part of America. You can get work done here, you can get mechanics here, and you can get them to do first-class work here. On this job I am speaking about—the *Algon* is a foreign vessel—the statement was made that they would take her out of here, that the labor was too high here, that men were asking too much, that labor unions were fighting capital; and all such statements as that have been going around. I contradict that as a laboring man. I have not any idea that you want to drive capital and work out of this country.

I will state that the *Pyrenees* bark was burned at sea some time ago and came here. Then Mr. Thayer, the man who was looking after

her, went to get a flag for her in Washington last winter, and I believe he secured a flag, but she was an English ship. They did not want to do any work on that boat at all. All the repairs on that boat are going to be very slight, because they are working a very small quantity of men at the present time. I have the number of men on the job. I have four ship fitters, two gangs of riveters, and two sheeters, and that is a repair job that was put on the market here and different firms bid all the way from \$75,000 to \$150,000 to repair it. That bunch of men working at the present time is doing all that repair, and doing it satisfactorily to the owner.

#### HALF OF THE WORKMEN IDLE.

I will state that as far as our trade is concerned we have 50 per cent of our men idle at the present time. We have no work here but the Government work. If it was not for the Government shipbuilding in this country we would be practically out of it.

Representative MINOR. What would happen if we permitted our citizens to go abroad and buy ships?

Mr. PORTER. The iron-boiler makers and iron-ship builders would have to go out of business and go back to the old country.

The CHAIRMAN. What is the membership of your organization?

Mr. PORTER. Forty thousand boiler makers, 20,000 helpers. This organization affiliates with the helpers; it is all one. We have 500 different lodges through the country, all over the country. We run into Canada. We affiliate with boiler makers in Canada.

Representative MINOR. Do you affiliate with the Federation of Labor there?

Mr. PORTER. We affiliate with the American Federation of Labor. The boiler makers have been in existence for eighty years.

Representative MINOR. There are about 40,000 of your members alone?

Mr. PORTER. There are 40,000 of us alone.

Representative MINOR. Generally speaking, does the Federation of Labor take the same position on this matter that the boiler makers take?

Mr. PORTER. I should hope so. If they do not they are doing a very great injustice to themselves, I consider.

#### FEDERATION OF LABOR OPPOSED TO FREE SHIPS.

Representative MINOR. Do you think the Federation of Labor would approve of free ships?

Mr. PORTER. I should think they would.

Representative MINOR. Going abroad to buy ships from foreigners?

Mr. PORTER. Oh, no; they do not.

Representative MINOR. They do not approve it?

Mr. PORTER. They do not approve of any such work. They are not good American citizens if they do.

The CHAIRMAN. You have handed the chairman a communication. Mr. Dominic Kane was before the Commission at Seattle and in one or two other places we have visited we have had representatives of your association before us. I am not quite sure whether a similar communication has become a part of our record or not, but I will say to you

that the secretary will investigate the matter, and if it is not in the record it will become a part of the record.

Mr. PORTER. I thank you. Is that all?

The CHAIRMAN. That is all. Thank you.

Mr. PORTER. I am much obliged to you.

Mr. SCHWERIN. May I ask a question in regard to Mr. Porter's statement?

The CHAIRMAN. Certainly.

Mr. SCHWERIN. He says wages all over the United States are the same. I did not understand that there was any question about the repair of the *Algoa* in the United States. The question was as to competitive bids in Victoria against the yards of the United States, and there the cost of labor is immensely less than in any of the yards of the United States. Are the wages the same in Victoria as in the United States?

Mr. PORTER. The boiler makers get better wages in Victoria.

Mr. SCHWERIN. And yet they can do the work for less money?

Mr. PORTER. They can do the work for less money. The reason why is there are two dry docks in San Francisco and the proprietors charge such an enormous price for any ship to go in them that it is hardly possible to use them. The dry docks up north are a little more reasonable with their prices. That is the idea. Now, the men who go up north to Victoria (and I can bring you data to prove it in our organization) get all the way from \$3.60 to \$4 a day. I claim that on the ship *Algoa* they have some men working for \$2.25 a day.

Representative MINOR. Competent men?

Mr. PORTER. Not competent men, but they are trying to work them in as competent men. We protest against that.

Representative MINOR. And then the dockage charge here is what makes it run so high.

Mr. PORTER. It is the dockage they figure on; it is not men's labor. It is the dockage and the profits they make for themselves that drive workers out of this country?

#### STATEMENT OF A. P. LORENTZEN.

Mr. LORENTZEN. Mr. Chairman, I am the San Francisco agent for dry docks at Esquimalt and Vancouver; I have authority to contract for docking ships for the British Columbia Marine Railway Company; and I will say to you, gentlemen, that the statement made here that dockage up there is cheaper is not true. I am also a stockholder in the Hall Bros. Shipbuilding Company at Winslow, and they are on American soil. A while ago a shipowner came here to me and wanted me to take a contract for docking a ship at Esquimalt. He called my attention to the fact that at our dry dock at Winslow we are docking ships at 10 cents a registered ton, and wanted me to take the vessel at the same rate, which I absolutely refused. I told him I would take his ship at the San Francisco rate and not one cent less. What it is now I do not know exactly, but I have made that agreement with him. I do not know but that the representative is here in the hall. Captain Tibbetts is here, I believe. He can bear out my statement.

As for the *Algoa*, the *Algoa* came in here nearly a wreck. I was telegraphed to and asked to try to get the *Algoa* to go to Esquimalt to

dock. I called the attention of the owners of the dock to the fact that the ship could not go to Vancouver or to Esquimalt unless she was at least partly repaired. Then the owner of the dock came here and called at my office, and I assured him it was not possible for him to get that contract unless he could show the people here that he could do it for much less, because there was a general prejudice against going to British Columbia to spend money that could be spent here.

Now, that does not agree at all with the statement made by the last witness, and that is why I got up to tell you so. If anybody else has the floor I will sit down. Otherwise, I will say more.

The CHAIRMAN. Proceed, Mr. Lorentzen.

Mr. LORENTZEN. I listened with a great deal of interest to many statements made here, particularly by Mr. Schwerin. I am not personally acquainted with the gentleman, although we have met in business on a small scale. He was the one who tried to show you that the wedge should be entered by the small end and not by the big end; that is, to protect the American ship; and that is what I understand you want to know.

I was very much interested also in Mr. Dickie's argument. If you will permit me, I will keep you only about ten minutes, if you will give me that much time.

The CHAIRMAN. You have the floor, Mr. Lorentzen.

#### SUBSIDY TO MAIL SHIPS ONLY.

Mr. LORENTZEN. I have no essay, but I want to tell you just bare facts and hard cash. I made a few suggestions only for my own self. I do not want to give them to the gentleman there, because they are not well enough written. My education perhaps was neglected. Here are a few notes as to shipbuilding. These are my own thoughts. I do not believe you can make a law that will give cash money direct to shipbuilders, or to shipowners either. I do not believe Congress will ever pass a law to give a bonus to any shipbuilder, nor for running the ships either, except lines that carry the mails direct, such as the Oceanic Line out of this port, and the Pacific Mail perhaps, and others that carry the mail direct. I would be in favor of that, and I think that is practical. It is no use to advance anything that is not practical. I believe they should be paid a good round sum for carrying the mail, but that no other vessel should be paid.

As for operating to pay a bonus per mile that can not be done. Assistance by discriminating, as laid down by the special committee of the Maritime Association of New York, is good, if it could be carried out. I suppose you have seen the pamphlet, gentlemen.

The CHAIRMAN. We have examined it.

Mr. LORENTZEN. But it can not and will not be done for a long time to come. What might be done now? Repeal restrictions on the navigation laws so as to return to the laws under which the vessels were governed when we had some. That may be a retrograde movement, but it is, I believe, good sense. Ship contracts with crews should be enforced on both parties.

Now, gentlemen, I have heard the Sailors' Union represented here; here are lots of shipowners; there are lots of captains and masters of vessels, and I may as well tell you now that I represent what Mr.

Schwerin was pleased to call the European sailor. That is the type you would have to class me among. There are lots of others the same.

We, of course, in shipping crews now under the present laws of Congress are obliged to carry out our side of the contract, because the property is in sight and we are compelled to do as we agreed to, or we will be sued and be made to pay for it. The sailor, on the other hand, makes a contract and signs it; we charter our ship; we put provisions aboard; we hire the crew; we pay them in advance, and when a tug boat comes alongside ready for sea the sailor is not there, if you please.

Now, then, what is the shipowner going to do? Mr. Furuseth here, my friend, Congressman Livernash, will tell you that the sailor should not be imprisoned, and yet that is the only remedy we have in a case of that kind. I say when we stand by the law the sailor must do the same.

#### BRITISH LAWS LESS EXACTING.

Now, gentlemen, if you will go back thirty or forty years you will find that there was a remedy not alone in the American ship but in all others. There was a Yankee captain of an English ship here the other day. He is from down East; he was born in Maine, I guess. I asked him his honest opinion as to which of the two marine laws was the best in operating a ship, under the British law or ours. "Why," he says, "there is no comparison. I would rather sail and operate a ship under the English law because there is no trouble." He says "the consuls in different ports, where there are British consuls, nearly always stand by and do justice," whereas among the American consuls there is a whole lot of—well, I don't know what to call it—brotherly love or sympathy with the sailor. Our courts here are the same—every one of them. Every case that comes before the court or the jury here always goes the sailor's way out of pure sympathy for the poor sailor. That is the fact. Now, that can not be gainsaid. I can bring 200 witnesses and have them right from this port to show you, gentlemen, that I am telling the truth.

*B, inspection.*—During the last few years, and it is not very long ago, I had something to say in the presence of Congressman Maguire. He is now out of Congress. He had a law made to govern us by. I said to him I did not wish him any harm, but I wanted him to be appointed master on an American vessel so he would be compelled to swallow his own medicine. He could not find fault with that. I would not if I was in his place. The entire inspection for running vessels and licensing officers should be more reasonable.

I have a nice vessel lying down here by the wharf, of which I am managing owner and part owner. She is about 900 tons—a little over. She was built in Scotland. By the way, I could give you some light on that if you wished. I fully believe, and believe I could bring evidence to prove that I would be more competent to navigate that vessel myself than some other with a license. I think there are lots of them here in the hall who would carry me out on that. Yet I can not get a license to sail my own vessel.

Representative MINOR. Why?

Mr. LORENTZEN. Because I have never been a mate for one year on a vessel over 700 tons. Is that a good reason? I have been the master of a vessel and gone across seas; I have been before the mast and



behind the mast, and yet, if you please, your law forbids me to sail my own vessel, because forsooth—

Representative MINOR. Is not that a rule of the Treasury Department, rather than a statute law?

Mr. LORENTZEN. That is true, but Congress has jurisdiction even over the Treasury Department, I believe.

Representative MINOR. Yes, but it is a rule the supervising inspectors have adopted. I myself believe it to be unreasonable in many respects.

Mr. LORENTZEN. It is unreasonable. I am giving it to you, gentlemen, just as it is.

Representative MINOR. You are an American citizen?

Mr. LORENTZEN. Yes, sir; I have been naturalized. I came in a Danish ship and deserted from that ship the 14th of January, 1860. Since I have been here I have done all I could to build up the country. I am one of those whom Mr. Livernash and Mr. Furuseth classed as Americans to-day. Well, I will say something about that by and by. As I stand here to-day, a shipowner and an American citizen, I can not go as master on my own vessel. If I had a vessel of 699½ tons I could go as master of her.

Representative MINOR. If you could sail her?

#### AN EXPERIENCE IN INSPECTION.

Mr. LORENTZEN. I could sail her all right, but if she is one-quarter of a ton larger I could not. There is no sense in that. That is some of the barnacles I am showing you.

Now, what is the trouble with the American ship largely? I have been here two days listening, and with all the rhetoric I have never heard one who advanced one point or gave you one bit of advice as to what would remedy the trouble. Although a man has been master of a vessel of 699½ tons for ten years, he could not go as master of his own ship of 701 tons, no matter how competent he is. That is one of your laws; that is one of the things that should be wiped out at once.

The fitness and condition of freighting vessels should be a matter between the owners and underwriters to adjust. Now, gentlemen, can you show me what sense there is in the law now? I will show you a little thing that happened here two years ago. We had a big strike here. All the sailors struck. I had a ship come here, American built, a wooden ship built in Maine, a bark then—he is not now. Everybody left her. The whole fleet was tied up. It was a sympathetic strike among sailors. I do not know what caused it, but you never know the cause. Nevertheless they left my ship like so many rats, including the captain, and there was nothing for me to do but to don my suit and go aboard myself. I left my office and went there. I was in the engine room running a donkey engine, trying to hoist out cargo. A gentleman came along with a cigar in his mouth and he said, "Where is the captain?" "There is no captain on this ship," I said. He said, "I am United States inspector. I came down here to inspect this ship." "Oh, that is different; you shall be attended to;" and I called the second mate and told him to attend the gentleman. In a little while he came back and he told me things were not in order. He said, "You have got to get me back again, and when you do you have got to send a carriage for me." I just reached my hand out and said, "Do you

know who I am? I am your employer." And I said, "You will come back when we want you, and you will come in the street cars or on foot." That is just what happened. He was one of those fellows who know nothing. He gets into office by—well, you know the means. [Laughter.]

Two days after that I went up to Captain Birmingham. He is a sailor, like Mr. Schwerin there, and it is a pleasure to hear a man talk about things when he knows what he is talking about, for this gentleman here does. I know he is a sailor; he has been there. I opened the door and spoke to Captain Birmingham. He is the head of the inspection. I asked him if I might come in. He said, "Yes; come in." "Can I have five minutes' time?" He said "Yes; all right, come in," and I sat down. I said "I have had some trouble down here on this bark with one of your men." "Oh," he said, "you are the man who said we are your servants?" I said "Yes, sir; and I would like to talk with you about a minute. I have got that ship ready for sea. I want to get a list from you showing what is required. Just give me a list and show me what is required for inspection, and it shall be there." "That is right," he said. So he called in all his aids there, and when they got in before him they did not know what was wanted. "Well," he said, "is it possible that you require this man to put certain things aboard his ship and then that you don't know what is wanted?" Well, they all had to admit that they did not know. After they went out of the room I turned around to Captain Birmingham and asked him if he would not come with me himself. He said: "What; me go?" Said I, "Yes; you go." So we got in the street cars and went down. He spent about five minutes aboard the ship and he said it was the best equipped ship he had ever seen, and gave me a certificate.

That shows you the incompetency of a great many of those Government officers. It shows the unnecessary restraint on a freighting vessel. This vessel was only an old wooden vessel, carried no passengers, carried merely coal and lumber, and why should we be interfered with if the underwriters are willing to insure me, so long as the equipment for the crew is safe and the conditions are good?

By the way, I invited Mr. Furuseth there to take this captain friend of yours down to one of my vessels—I named her—to see the fore-castle. He was talking yesterday about forecastles. There is one of them that I wanted you to see particularly, the schooner *Honolulu*. She is pretty nearly 1,000 tons register. We took her out last Sunday with 300 people on the bay here for a yacht. Perhaps you have nothing like that elsewhere. I will continue now that I have gotten you to laughing. Now I am coming to something else. But I say, let the owners adjust their troubles with the underwriters and with their own employees.

#### PILOT FEES.

Now, then, I come to the pilots' question. I am not enough of a constitutional lawyer to decide whether I am right or not; I am not enough of a lawyer to know; in fact, I am not a lawyer at all; but if Congress has a right, for instance, to except the transport fleet from taxation, if it has a right to except Government bonds and other things from taxation, why has not Congress got the right to exempt shipping?

I said pilots. I want Congress to turn over to the Department of

Commerce all piloting, not of San Francisco alone, but all piloting in the United States. I want Congress to appoint in every seaport, and there should be appointed, a competent pilot commission, and not such as we have. You only need to run a scow in the bay here to be competent to be a pilot commissioner.

That is one of the big barnacles I am pointing out to you. Anybody should have a right to go before the commission and demand examination, and if able and competent to go through the examination he should be given a license to pilot ships in and out of San Francisco or wherever the port might be. It should be open to competition and the only evidence of being a good pilot would be through his license. I will show you. We have a ship here that is now loading a cargo of coal oil in Philadelphia for Hongkong. It is a foreign built ship, built in Scotland, and she is about 2,800 tons register. If she comes around home here the first pilot who tackles her is a pilot outside the Heads. The master of her is a better pilot than any one we have here. He has been brought up here. I appointed him to command that ship. He was then master of a schooner of 200 tons. I put him in that ship of 2,800 tons. Of course if I had not known who he was I would not have done it. He has been a perfect success. He is an ornament to the profession through and through.

Suppose he comes out here. Here comes your pilot and hails him and says, "Captain, do you want a pilot?" He says, "No; I would rather pilot her and have you stay off the ship," but the pilot takes his pay all the same. The captain knows the ship better than the pilot, and the underwriters agree with me there. Nevertheless, when that ship comes in here the next day the pilot comes around to my office and sticks a bill under my nose, and says, "I want a check for half pilotage." I do object to paying for anything I do not get. That is another barnacle. I say let Congress do that for us, and it will do something that is possible to be done.

Representative MINOR. You are talking about bar pilotage?

Mr. LORENTZEN. Yes, sir.

Representative MINOR. Is not that a State regulation?

Mr. LORENTZEN. That is the trouble. I want it taken away from the State.

A few years ago we had this humbuggery of quarantine officers. They never came near the ship, but always claimed a fee. Congress wiped that out. I am not through with the pilots yet. The argument I am giving you now can be certified by every one in the room. Why can not Congress say, "Here, the pilots of the United States have got to be controlled by the Department of Commerce," on the lines I have laid out, or something better? I do not believe there can be any dispute about it. If they can wipe out quarantine they can wipe out the pilot trouble as well.

How are the pilots appointed here? They buy positions. It is not a question of merit. Although I will say that the pilots generally are good, they have lost steamers, and have even lost their own pilot boats, two or three of them.

Representative MINOR. How are they appointed?

Mr. LORENTZEN. They buy their positions.

Representative MINOR. From the board of trade or from the governor?

Mr. LORENTZEN. They don't do it that way. The governor appoints

pilot commissioners and the commissioners appoint the pilots; and here last year we had a big scandal in piloting, where it was admitted by one of the pilot commissioners, and it killed him, too. He was a ship carpenter. Just think of that. A ship carpenter was appointed pilot commissioner, to tell whether or not men are competent to pilot a ship and cargo in and out of this port. He admitted on the stand that it was crooked; that they had divided so much money for position as a pilot.

Now, I want to ask you gentlemen if it is not worth while for Congress to wipe out a barnacle like that? Talk about subsidy, and talk about bonuses, there is where you can hit it immediately; and you don't need to wait until next year.

Representative MINOR. You people in California have been in a position to hit it.

#### THE BARNACLE OF TAXES.

Mr. LORENTZEN. We have tried it and tried it. The pilot has more money than we have, and we can not. Now, taxation is another thing. This ship I spoke of now loading in Philadelphia cost \$135,000 to build in Scotland. I heard somebody talk about the quality of ships. Mr. Dickie, if he is in the hall, knows her. He knows that the ship *John Ena* is acknowledged to be the best equipped of sailing vessels in the world. Do you know, I paid \$818 taxes on her the other day to the State of California for a year's taxes on that ship? Now, gentlemen, there is a barnacle for you to wipe off.

Representative MINOR. Why do you not wipe it off then by another amendment?

Mr. LORENTZEN. We have tried to, and can not. We have got an amendment to the State constitution, I believe, not yet acted upon, but I hold it is not a State matter. The United States claim jurisdiction over commerce. They will not let us run these ships under State register. They force us under coastwise register, which is a United States institution. Why not take control of her? Why not amend the law so that you can control that like you can the post-office or anything else? I know it is new. I know it is, perhaps, radical, but it is right. It would help the American ship more than anything else you could do. This tax matter I read about some one else advocating that it should be equalized all over the United States.

#### FREE SHIPS FOR FOREIGN TRADE.

Merchant ships in the foreign trade are not protected in any way the same as goods manufactured, but they must compete with the fleets of all the world. It is free trade, nothing more nor less. That is the only name you can call it by. It is free trade. Why should not citizens of the United States be permitted to compete on more even terms? Thus, let them buy the ships where they please, register them as vessels of the United States for the foreign trade, give them the protection and use of the flag, and control their operation under the United States laws.

Now, gentlemen, I built three ships in Scotland. This *John Ena* is one of them. She was under the Hawaiian flag and came in by way of Honolulu. This schooner I invited you to come aboard of is another of the same class. There is Captain Marston sitting laughing at my

argument. He did the same thing. I went to the Union Iron Works and asked them what they would charge me for building a ship like that. They said, "You have not money enough." That is the only answer I got, that I did not have money enough to build a ship like the *John Ene* here. We took ship and went to Scotland. The next we built was the schooner *Honolulu*; she came out here, and the Union Iron Works thought her so beautiful they would like to get the plans from me. They got drawings and I said I would give them 25 per cent more than she cost if they would build me a copy. That schooner cost \$53,000 delivered here, and they wanted \$100,000 for a copy.

You have asked several here in my hearing to know whether they would buy or build a foreign ship and run her. I am doing it now, and so are others. The proof of the pudding is in the eating of it, is it not? And we are doing it.

The CHAIRMAN. That is a sailing vessel?

Mr. LORENTZEN. Yes, sir; a sailing vessel.

Representative MINOR. Would you go abroad and buy a foreign ship and take the American flag and run her?

Mr. LORENTZEN. That is what we are doing.

Representative MINOR. Have you the American flag?

Mr. LORENTZEN. Yes, sir; on a foreign ship.

Representative MINOR. How did you get it?

Mr. LORENTZEN. Well, I got it. That matter need not be discussed here now. She flies the Stars and Stripes, but it is the continual trouble and bother of United States officers, the unfriendliness that is displayed in every port we get to, and the expense we are put to to maintain ourselves.

You see, the law allows us to buy a foreign ship and to operate her. The law allows us even to put the American flag on such a ship. I can run the foreign ship to any port and apply to the American consul to issue a flag, and they will issue a flag to us. Any American citizen can buy a foreign ship and take her to any port and get the American flag on her. I saw one sailing on the coast of Japan seven years ago flying the American flag.

Representative MINOR. That is, provided she does not come to an American port, is it not?

#### A CONTROVERSY.

Mr. LORENTZEN. That is it. Now, such a vessel comes into an American port, and we have a decision on that now. I am going to give you a little light on that subject. Our vessel arrived at Port Townsend in ballast, nothing in her. The collector at once levied a tax of a dollar a ton on her. That would be \$1,300. He wanted to fine that vessel for coming in there in ballast. What did we do? Some of them wanted to pay the money under protest. I said, "Suppose we let them seize the vessel." I allowed them to seize the vessel and bonded her and took the case to the United States court at Seattle. The judge decided against the Government. That decision we have now. So she is entitled to protection and to sail under the American flag as a foreign-going vessel, but not as a coaster.

The Government is not now satisfied. I just got a notice that it is going to appeal to the Supreme Court of the United States direct. They have appealed the case. I got notice of the appeal. They

appealed not to an appellate court, but direct to Washington, to the United States Supreme Court, because it is so far-reaching, they say, that it would affect, I think, a thousand vessels. If this decision of the judge at Seattle stands it will affect a thousand vessels just of the same class.

That is what I call unfriendly. I have rebuilt two of the kind you term wrecks here in this port. There was no profit, but they cost more money to repair here than a new vessel would; and of course all that money was left here, and whatever came out of it the American workmen have got it.

As to repairs, you heard it stated here that repairs could be made cheaper elsewhere than here. Now, that is not true, except in a few cases. I believe that Mr. Schwerin is right. I believe he can dock his steamers in Hongkong and get the labor there of Chinamen to scrape and clean, etc., cheaper than he can here. But take the average repair job, you can get it done cheaper here than elsewhere and more satisfactorily. I believe everybody in the hall will bear me out in that statement. So there is nothing in that.

I was at Victoria, on that dry dock there, two or three years ago, repairing vessels. I was there thirty-five days once. I used both docks. I would much rather have been here. There is one thing against that, the climate, of course. That, of course, you can not take any notice of, but these are facts.

As to sailing vessels, these two vessels came in by way of Hawaii. When we operated them under the Hawaiian flag it was much easier, much more satisfactory than under the American flag. But, of course, we could not coast; we could not do as we are doing now with them.

#### DISPLEASED WITH EVERYTHING.

The CHAIRMAN. There does not seem to be very much in our navigation laws or in the conduct of our officials that pleases you?

Mr. LORENTZEN. Well, I tell you what I call sympathy or philanthropy stands in our way. I wish you, gentlemen, could just try to get a dose of that once. I wish you could just try to be a shipowner here, at least right here in San Francisco. I wish that you could get a dose of the treatment that Mr. Furuseth will give you. Now, he is able to take care of himself and I am just trying to show you the truth of the matter.

Now, talk about contracts. This schooner *Honolulu* is coasting now. We shipped the crew on Puget Sound a while ago with the understanding that they should go back there, load the cargo, discharge it, and go back to the Sound and be discharged. She has been here a week. There is not one of them left aboard. They all got the lame back, the lame leg. They got what Mr. Furuseth is pleased to call the lumber fever. You do not understand that, but it is well understood here. In this port when a vessel is loaded and the crew are required to discharge the vessel they invariably get sick and so escape the vessel. That is what they did. Now, none are left aboard the vessel. It is deserted now. We paid them off of course.

We are handicapped all around. If you go to a foreign port with our products, of course you can not leave sailors there, you must take them home. If you unluckily leave one there you have to deposit money to take care of him, or else you have got to bring him home,

or have got to pay two or three months wages in advance, I forget which. I do not say the sailors should not be protected some—I have been aboard myself and I know the hardships forward are bad enough—but there should be reason to it. There certainly should be this reason to it; and since these gentlemen who are fighting the sailors' case are present I should like to say that I would like to elevate the sailor. I do not want to lower him. I want the sailor to be a man like the rest of us.

THE SAILOR'S CONTRACT.

If I make a contract with any of you, gentlemen, and you sign your name to that contract, I will hold you to it, and you will hold me. That is fair. I would not like to go and say, "You have made a contract, but I consider that you are incompetent; I consider that you are not able to make a contract, and for that reason I will not hold you to it." Now, that is what they want us to take the sailor for. They want us to consider the sailor a nonentity. They want us to consider him a child who is not able to live up to the contract that he makes. Now, we do not want that. I want you to fix the law so that when a sailor makes a contract he has got to live up to it like myself.

The CHAIRMAN. Pardon me for saying that certain gentlemen have been waiting here to be heard, and it is growing late.

Mr. LORENTZEN. Excuse me. I thank you very much.

Representative HUMPHREY. I wish to ask you a question or two before you sit down. What is the name of the case you spoke of at Seattle?

Mr. LORENTZEN. It is the United States against the barkentine *Alta*.

Representative HUMPHREY. You say the suit grew out of the seizure of your vessel by the collector of customs?

Mr. LORENTZEN. Yes, sir; she is under bond now. I do not know whether they let her go.

Representative HUMPHREY. What was the ground of seizure?

Mr. LORENTZEN. They claimed that she was——

Representative HUMPHREY. A foreign vessel?

Mr. LORENTZEN. No; it is an old obsolete law, I believe, of 1815. I think the attorneys, Hughes, McMicken & Co., have stated the law is a very ancient one, that they found to try her under. When she arrived at Port Townsend the collector did not know what to do with her and he appealed to Washington for instructions, and they decided that on general principles it was better to seize the vessel. So they did. I am glad they did now.

Representative HUMPHREY. Do you say Judge Hanford decided that she was entitled to the American flag?

Mr. LORENTZEN. That she was entitled to pay only the same fee as another foreign vessel. We were willing to do that. We tendered them that, but they would not take it.

STATEMENT OF JOSEPH R. OLDHAM.

Joseph R. Oldham, superintendent and consulting engineer, appeared.

The CHAIRMAN. Mr. Oldham, in what line of business are you engaged?

Mr. OLDHAM. I am shipping surveyor and I have been a shipbuilder for about forty years.

The CHAIRMAN. Mr. Oldham, the Commission will be pleased to hear from you.

Mr. OLDHAM. Mr. Chairman and honorable gentlemen: I feel that it is a privilege and a great pleasure to say a few words to you to-day in connection with your efforts for the restoration of the American foreign trade shipping. I represent the United States Standard Register of Shipping, several of our committee being here now. On the east coast of this country we have a very large ship tonnage classed in our book, and on the Great Lakes, which is a protected or coasting trade, we have, I think, about half the steel tonnage afloat there classed with us. On this coast, however, we are not as yet so fortunate, and we feel the want of American foreign-going ships keenly. Foreign ship-owners seem to prefer the great British registers, which are dominated by London, or the "Veritas," which is dominated by Paris. Therefore I am sure that it would be but a reasonable condition that Governmental aid should be extended only to vessels classed in an American registry. We have only two American books which prescribe rules for the construction of steel ships. These would seem to merit protection along with the American ship, and we trust that whatever additional class an American ship may acquire, classification in a United States register will be a *sine qua non* for Governmental support. We hope, however, for better times in the near future, as we feel sure that a purely American industry must benefit by the wise deliberations and recommendations of your honorable Commission.

#### THE RESTORATION OF AMERICAN SHIPPING ENGAGED IN FOREIGN TRADE.

When looking at that chart, [indicating] illustrating the very depressed condition of American shipping employed in the foreign trade, and the prosperous condition of other great shipping trades, it seems to me that any patriotic American, be his political principles what they may, will at once admit that this condition of affairs calls for an immediate and drastic remedy. I will not now say much more about operating steamships already built, as I think that a stimulus is even more necessary at present for the encouragement of shipbuilding. Though I may say, that a subsidy is required to balance the extra cost of operating an American ship with an American crew over the cost of working the foreign ship; but a subsidy is also required to make up the difference in cost (for the time being) of constructing a steel ship here, for instance, and in Great Britain.

#### SHIPBUILDERS CREATE SHIPOWNERS.

At first thought it might seem that the shipowner invariably started the shipbuilder. This view, however, is not borne out by the study of the conditions surrounding these enterprises in foreign countries.

Here, with more than 10,000 miles of the finest seacoast, and with unequalled resources, we have not more than a score of first-class shipbuilding yards for constructing steel vessels. In Great Britain, with only about 1,000 miles of seacoast, there are over 100 first-class steel-shipbuilding yards, which have built up their 16,000,000 tons of shipping. When we have plenty of steel-shipbuilding yards, and free competition for them, ships will be built as quickly and economically here as they can be built abroad, but to build ships economically we must have practice so as to become familiar with their design and construction.



And on the Great Lakes ships have been built quite as cheaply as they can be built on the Wear or the Tyne, because they have gone into a system of building ships economically, and we could do the same if the shipbuilding industry were only encouraged. When that is encouraged it will probably create a large mercantile marine for our foreign trade.

To make this clear, let me cite an analogy in other forms of business. The lumber merchant does not as a rule plant trees. The trees were there, and that becoming known, the capitalist bought them and thus became a lumber merchant. The corn merchant did not plant the corn he sells. The planter or the farmer started the corn merchant.

The great "tramp" tonnage of England was created somewhat in the same way. It became known that a shipbuilder was ready to build a ship cheaply, or that he already had one in stock, and that he was not in any hurry for the purchase money so long as he was secured by a bottomry bond. Then, say a shipmaster and a broker's clerk, who had a thousand or two dollars saved up, put their little all together and went to James Laing, Charles Mitchell, Joseph Thompson, or to Palmers (shipbuilders, by the way, who owned more ship-tonnage than any professional shipowner) and contracted for a steamer by paying about one-tenth of her value.

#### HOW THE ENGLISH TRAMP FLEETS GREW.

Then, by working very economically, they would pay for the ship out of the profits she made. Moreover, the ships I have in mind were usually well insured, and if one soon came to grief, as was commonly the case, the insurance clubs would pay for her, and the owners would then have a balance in hand sufficient to secure them one or two more larger and better steamers. Thus they rapidly became large ship-owners. Now if the shipbuilders had not been there and anxious for business the new shipping firm would not have been started. This is no imaginary story; I have known many shipowners created just in this way. It was in this manner that the great tramp shipping firms of Newcastle, Sunderland, Hartlepool, Hull, etc., were formed. I spent the best years of my life in these places as a Liverpool Lloyds surveyor, and know well what I am talking about. Those were the people who built up the great mercantile marine of Great Britain.

It would be just the same here if we could start a number of shipbuilding yards around our coasts. These shipbuilders would come round and make tempting offers to young men of small means, and thus a large body of shipowners would quickly be formed.

Shipbuilders should in some form or other be assisted by the Government. Suppose the Government were for a time to take an interest in all steel vessels building for the foreign trade, and arrange them so that they could be quickly and economically converted into either cruisers, transports, or colliers, and pay for essential modifications, say, 2 cents per ton gross register per day during the first twelve months of their construction, this would represent about 10 per cent of the cost of a tramp steamer of medium speed. It might be treated as the first installment of a shipping subsidy. A rate of 2 cents per ton gross register, per 100 miles sailed, would probably encourage the building of "tramp" steamers and sailing ships. This would not, however, be sufficient for a steamer with a speed exceeding 20 miles

an hour, but as such vessels would steam about two or three times as many miles in the same time as the "tramp," and their gross tonnage being large, the difference would not bear hard on them, and that could be made up by a more liberal allowance for carrying the mails, etc.

In addition to this, it might be practicable, with the connection suggested, for the Government to insure ships on foreign voyages for the owner's security, say, against total loss and general average only.

#### REGISTER TONNAGE LAW AND PRACTICE.

The register tonnage law as manipulated by some foreign nations, has acted against American (foreign) shipping. As this may be repeated by other nations it might be to our advantage to devise a new register tonnage admeasurement law for ourselves.

About twelve years ago I pointed out in the columns of the *Marine Journal* that many of our steamers—notably the *St. Paul* and the *St. Louis*—had not nearly so great a reduction for net register tonnage as several foreign steamers of similar type and speed. This has been remedied, but now another foreign nation has overreached us in a still greater degree. A short time since I examined several French sailing vessels, in which the reduction for net register tonnage was not less than 34 per cent, while similar American vessels have only 10 per cent reduction, and some only about 6 per cent. But the most flagrant case of unfair discrimination is that of the *St. Louis* and the *La Savoie*. While the latter has a gross tonnage (on which she receives a bounty) 250 tons in excess of the *St. Louis*, her net register tonnage (on which port charges, dock dues, etc., are based) is considerably less than one-half that of the American steamer. The American sailing vessel ought also to get 34 per cent off, or let all vessels have their gross tonnage as their register.

If you look at the tonnage of the United States, it is a thing that has been neglected. It has been a gross oversight on our part. These are only small details, but they diminish what tends to make a dividend.

#### REGISTER TONNAGE OF THE NATIONS.

The average deductions from the gross tonnage to compute the net register tonnage of the merchant steam vessels of the following nationalities are as follows:

	Per cent.
French.....	48
German .....	39
British .....	38

What do you think the American is? Twenty-nine per cent—a little more than half of what the Frenchman's is. That is taken from the report of the Commissioner of Navigation, and it is the tonnage of the world I am comparing with, not a few ships. I take the whole tonnage and it comes out in that division.

It is not an easy matter to devise a tonnage admeasurement law that would be absolutely fair in all types of vessels, but perhaps it would be just as difficult to devise a system that would be more unfair than the present system, as administered by the maritime nations.

You understand that gross registered tonnage is a fixed quantity in all vessels; it is fixed capacity. The net registered tonnage is so ma-

nipulated that you can bring it down to anything; you can bring it down to nothing.

I have seen foreign vessels with considerable displacement tonnage without any net register tonnage. Then it is, I think, neither equable nor fair that in similar sailing vessels the foreigner should have a reduction exceeding one-third of her gross tonnage in computing the net register, while the American ship is allowed not more than 10 per cent off. But it is still more of a violation of an international tonnage law when, in steamers of similar dimensions and speed, the one should get a reduction of not more than 50 per cent while the other is reduced more than 80 per cent. It would be fairer to assess all vessels according to their gross register, which would encourage sailing ships, than allow this to continue.

A better system, however, would be to have two register tonnages—one dead weight, the other internal capacity for cargo. The difference in these tonnages need never exceed 5 or 6 per cent in similar ships, and when "clearing" the master should be required to state the character of his cargo, i. e., whether dead weight or measurement.

The foregoing may be considered by some as drastic or exceptional proposals, but the malady to be treated is most exceptional, and would almost seem to be chronic. Our shipbuilding and our foreign-trade shipping are in a much worse condition than they were in, say, twenty years ago. As regards the latter industry I may say there was some profit in Government contracts in those days. There is not, I verily believe, a dollar to be made on such contracts to-day.

Touching on shipping, I know of two American "tramp" steamers that have been ruined in two years. These are now for sale, I believe, to pay the mortgagee. There would be others in similar trouble, I have no doubt, but we have not half a dozen American-built "tramp" steamers engaged in a purely foreign trade. I fear, however, that our coast shipbuilders are in an even worse plight if the truth were known.

#### A SUBSIDY FAVORED.

To subsidize these industries, or rather to give them the initial installment of a shipping subsidy, may appear a bold proposal, but what is the difference between protecting the steel maker so that he may get 30 or 40 per cent more for his steel than he could obtain without governmental assistance and giving a like amount to the shipbuilders, shipowners, and others engaged in American foreign-going shipping, which in reality means distributing this for the direct benefit of every industry, trade, and profession in the country?

I see no difference between our protective tariff, which has built up our gigantic steel trust, and this proposed subsidy, except the slight one that the steel maker collects his bonus direct from the public—and nearly all of it from the American public—whereas for this subsidy the Government would be asked to collect the money first from shipbuilders, shipowners, and others engaged in building up and operating an American merchant marine which is to be engaged in a foreign trade. This means that foreigners shall pay us cash for carrying a fair proportion of our own imports and exports and also for transporting some of theirs.

When you look at some of our fine steamships engaged in the coasting trade, no great dissimilarity is observable between them and a

steamer engaged in the foreign trade, and indeed such vessels, when of the same general dimensions, are not very dissimilar; but the work to be accomplished, and the conditions under which that work must be done, in order to pay a dividend, is very much more arduous in the one case than in the other. The one is protected in its work, as is usual in most countries, the other is unprotected, as is unusual in most countries.

#### SHIPS ONLY UNPROTECTED.

Perhaps one of the strangest anomalies in the trade of the world is the fact that all commodities and products requiring protection are highly protected except our foreign-going ships. The steel which goes to produce the ship is highly protected, while the ship is left without any assistance or support to fight her own way against the highly subsidized French, Italian, and other ships, and the American ship to-day is fruitlessly endeavoring to compete with the cheaply constructed and manned foreign ship. To be consistent, it would seem that we should give our foreign shipping as much protection as we give our tin, wool, steel, or other American products, as they probably require it more.

The British foreign-going screw steamship has been the means of largely increasing the British export trade by placing British machinery and other products cheaply and quickly in foreign markets. Moreover, this foreign shipping facilitated their colonization and increased their commercial connections in all parts of the world to such a large extent as could only have been accomplished in so short a time by ships and government officials of their own country.

Gentlemen, there is a problem before you, a problem which I believe will severely tax the wisdom of this most honorable and enlightened Commission to solve wisely. For myself, I can see no better or fairer way of accomplishing this than by a Government subsidy, which subsidy should, I think, be divided between the ship owner and the ship-builder.

#### STATEMENT OF EDWIN W. TUCKER.

Edwin W. Tucker appeared.

The CHAIRMAN. In what line of business are you engaged, Mr. Tucker?

Mr. TUCKER. I am in the marine engineering business, and on behalf of the marine engineers I came up here to make a few remarks. We intended to have quite a little talk with you, but your time has been taken up so much to-day that the principal data we wished to bring before you we will present to you in writing, if you have no objection.

The CHAIRMAN. There is no objection, Mr. Tucker.

Mr. TUCKER. One of the main features we are all particularly agreed on is that the American shipping should be fostered at every point, by every honest available means, to suit each individual locality. Those conditions will have to be arrived at by the different districts and the parties who look after them on such occasions.

Among the reasons why so many of our young men do not go to sea there are two in particular which are decided barriers—first, the accommodations, and next the food. It is not so much the quality of the food,

because 99 per cent of the vessel owners equip their vessels with all that is necessary; but in ninety-nine out of a hundred cases it is the way it is served to them. For instance, you all know that the majority of the American boys born here have a common school education, that they have good homes, and unless there is some inducement offered that will make it attractive for them to take up these different positions they would rather stay at home; they have no incentive for it. The majority are mechanics, and they can get their work in shape and have their home to go to in the evening, and they will not go to sea. They make a voyage or two and get very tired of it.

#### A SCHOOL FOR ENGINEERS.

We have talked over the matter very seriously, and we think there ought to be some governmental action in reference to having come under the auspices of the United States Government a school for engineers—just a ship, say, in each of the principal seaports—where these men can be educated under Government rule as they come from the shops and be brought in to fit them for sea duty; and let the officers of those ships, wherever they may be located, be the board to examine them and give them a certificate stating that they are qualified for such positions. A man then could take a position as a junior engineer, and gradually work up and be qualified to take a higher position. We believe that that it is imperative, because in that way young men will be led along and bring others of their class in with them.

There are several points in that line that I could go on to at length which will be of great advantage, but Mr. Schwerin has gone over the ground very thoroughly, and he has struck the nail right on the head.

In conjunction with what I was saying, it would make officers for our vessels who are purely American in all their teaching; they will know nothing else. None of us know when the time will be ripe, when we will be in the same position Washington was at Valley Forge when he put out the celebrated order that he wanted none but Americans on guard. That is just about the position we may be in, and we do not know how soon.

As to the repairs for the different ships, as Mr. Schwerin has stated and as I know, for the oceanic companies and transport service and all of them, the repairs are made in this port. All the repairs that can be done are made here. Those ships receive a subsidy, but nothing to what they should receive in either case.

#### THE CASE OF THE ST. LOUIS.

Take, on the other hand, the ships out of New York, and how does that case compare with ours? I cut a clipping out of a paper here the other day where the *St. Louis*, after a row with the inspectors, finally started for Ireland to be repaired, entirely against the protestations of the United States inspectors. Now, there is a ship that is drawing a subsidy from our Government; and the Pacific Mail and these other ships do not get half what they are entitled to.

MR. SCHWERIN. We do not get anything.

MR. TUCKER. Then I do not think Spreckels does either. But here is a ship built in America, the drawings, patterns, and everything by

American workmen, in Cramp's yard, which has turned around and has been sent to England by that English syndicate to be repaired in that yard in Ireland. I do not think that is fair. It is an American ship, and I think she draws a subsidy. She was built here. Those things ought to be cured. That is not right.

There are lots of things like that, and if the Commission takes hold of them and gives the American people the side they ought to have this matter will improve greatly.

Representative HUMPHREY. I beg pardon for interrupting you, but I did not quite understand the fact you stated.

#### SENT ABROAD FOR REPAIRS.

Mr. TUCKER. The *St. Louis*, of the American Line, with one engine in a crippled condition, was sent to Harland & Wolff's, at Belfast, to be repaired. The Supervising Inspector-General of the United States protested against it. He was overruled. The vessel was not allowed to carry any passengers, but she was loaded down with freight and sent to sea.

Representative MINOR. She was built in Cramp's yard?

Mr. TUCKER. She was built in Cramp's yard.

Representative MINOR. And is drawing a subsidy from the United States Government?

Mr. TUCKER. She is drawing a subsidy from the United States Government.

The CHAIRMAN. For carrying the mail?

Mr. TUCKER. For carrying the mail. If the American shipping in every seaport—steamers, sailing vessels, and all common carriers—were put on an even footing with any of the tramp steamers that come here, the merchants in all the different cities would not be hiring the tramp steamers, because there would not be any gain by it. They have cheap men and cheap officers. Take it right here on our own coast in the coal trade. The American ship is not in the coal trade; it simply can not do it. The tramp ship comes in with a cheap crowd and runs it out.

There are several things that I could go on here at length, gentlemen, to state, but it is very late, and this subject has been so thoroughly digested here by good speakers that I think there is little left for me to say. The vital points that we wish to bring before you we will present in writing.

#### STATEMENT OF LIONEL HEYNEMANN.

Lionel Heynemann, secretary of the Fulton Engineering and Shipbuilding Works, appeared.

The CHAIRMAN. Mr. Heynemann, in what line of business are you engaged?

Mr. HEYNEMANN. I am secretary of the Fulton Iron Works.

The CHAIRMAN. The Commission will be pleased to hear from you, Mr. Heynemann.

Mr. HEYNEMANN. Gentlemen of the Commission, I would like to make a few remarks relative to navy-yard work, as the subject was brought up this morning by Mr. Dickie being asked the question rel-

ative to the cost of doing work at the navy-yards. Mr. Dickie stated quite correctly that it was impossible to get at a fair comparison between navy-yard work and private work. I wish to take the liberty of elaborating on this statement.

The private yards are often called upon to bid against the navy-yards, principally on repair work. The navy-yards do not put in a bid. They simply put in an estimate and have the comfortable assurance that if the actual work should exceed the estimate, a further appropriation will be forthcoming. If this system could be inaugurated in private shipyards, of making estimates instead of bids, it would be very comfortable indeed for the owners and save the managers a great deal of anxiety, mental stress, and nervous prostration.

When the navy-yards send in their estimate, it is an estimate of actual dollars to be spent in labor and material and contains no other items—no insurance, no interest charge on the plant, no foreman's wages, no profits, no operating expenses, no taxes—and it is against such competition that we are frequently called upon to struggle.

#### THE GOVERNMENT AS A COMPETITOR.

I do not know that this competition can be removed, but the false impression can be removed that the navy-yards can do work cheaper than the private shipyards. I will give an example: About three years ago we were the lowest private bidders on the repair of the boilers of the U. S. Army transport *Logan*. Our bid was \$55,000. The navy-yard estimate was \$37,000, and the work went to the navy-yard, and I am told that they returned a small amount of cash as surplus into the United States Treasury.

I beg to state, gentlemen, that I prepared this statement during the noon hour, and I am quoting these figures from memory. They are substantially correct.

A great deal of capital has been made out of this fact by interested parties to prove how cheaply the navy-yards can do work. They do not state that this work took at least eight months at the navy-yard; that the vessel was in commission during that time, and that this amount included no time penalties; nothing added to keep the ship in commission, and, as stated at the beginning of these remarks, nothing was added for depreciation, operating expenses, etc. I estimate that the real cost to the United States of that job was far in excess of our bid.

Time is another point that makes a comparison between private shipyards and Mare Island an unfair one. The Government pays itself no penalties, but is fearfully severe with private yards.

#### THE LABOR DIFFICULTY.

With regard to the labor, it is true, as Senator Perkins remarked this morning, that every six months the managers of the departments of the navy-yards are obliged by law to get evidence regarding the rate of wages paid within a given district surrounding the individual navy-yards, and that they are obliged by law to pay no more than the wages paid in said district; but there are any number of ways of "beating the devil around the stump." A day at the navy-yard is eight hours, as

against nine hours in the private shipyards of the United States. There is also the matter of overtime that is to be considered in the cost of labor. Most shipyards pay time and a half until midnight; the navy-yards pay double time, and I am told that on Sundays and legal holidays even double time and a half.

This proximity of the navy-yard employing large numbers of men working eight hours is a very disturbing factor in private shipyards that work nine hours, and is a disturbing factor in doing repair work for the Government, which work is so intimately entwined with other work in private shops that it becomes impossible to observe the eight-hour clause in the shop that usually accompanies the Government contracts.

I would suggest that on all repair work for the Government to be done in private shipyards the eight-hour clause be abolished, as there is no good reason why the Government should interfere so demoralizingly with the practice and operation of private shipyards. The Government should accommodate itself like any other customer to the practices that are usual in such yards.

#### STATEMENT OF N. P. CARLESON.

Capt. N. P. Carleson appeared.

The CHAIRMAN. Captain Carleson, in what business are you engaged?

Mr. CARLESON. I am twenty-seven years in active service gone to sea, sixteen years of that time as master.

The CHAIRMAN. The Commission will be pleased to hear from you on any matter of interest in connection with the inquiry with which we are charged.

Mr. CARLESON. I am indeed thankful to your honorable Commission for having this opportunity allowed to me. There are some material defects in our navigation laws in regard to licensed officers that I should like to put before you. In this great country, the United States, it is a well-known fact that every citizen, and even though he is not a citizen, is tried by a jury consisting of twelve intelligent men.

Now, gentlemen, when I say this I am voicing the sentiments of a thousand officers and masters on this coast. When I have made a mistake so I have had a collision at sea I arrive in port. My license is immediately taken away from me. I am then brought before the United States inspector of hulls and boilers and a board consisting of an engineer and a nautical man; that means a master who has gone to sea. He tries me. At the end of the trial, if he thinks I am guilty he revokes my license for a period, say, perhaps for a year. But mind you, he finds me guilty and during that time he does not give me any way of making a living. He has taken my license away but he does not give me a chance to make a living, and I have a family of five persons to support.

#### A COURT OF INQUIRY.

This thing has not occurred to me yet, thank the Lord, but it may. We are all apt to make mistakes. Suppose it should happen to me, my family would have to do without any means of living for that time.

Now, gentlemen, I leave it to your honorable body if that is right. I do not think so. Every other country in the world, the most auto-



cratic in the world, has a court of inquiry to which the man goes when he has made a mistake. In England they call it the admiralty court, a kind of civil tribunal. In my case I am put before one practical man. I say one, because the other man is an engineer. I do not think that is just.

You have to-day heard things pretty well digested about our shipping. I think if we want to build up our shipping we have to start right at the bottom. First of all, rectify our laws so that when the shipowner sends the ship out to sea in command of a master he shall know that it is in good hands.

I suggest to your honorable Commission that the United States Government appoint a court of inquiry consisting of at least four men. I would then say let the local inspector be the chairman of the court of inquiry. Then a man will stand a chance. Then he will get some kind of a right. I think that is a very important thing, gentlemen. It is one which has not been touched on. I have followed you from New York until you got here, and watched every speech that has been made, and it has not been touched upon.

Representative MINOR. Have you a supervising inspector here?

Mr. CARLESON. Yes, sir.

Representative MINOR. If you thought the local inspector had judged you wrongly, would you be content to rest it with him or would you take an appeal to the supervising inspector?

Mr. CARLESON. I would not be content. I would take an appeal to the supervising inspector. I would then appeal to a one-man court.

Representative MINOR. You have a still further appeal?

Mr. CARLESON. I do not know. I never heard of such a case.

#### AMERICAN SEAMEN MOST FORTUNATE.

Now, gentlemen, speaking about the seamen, I came to this country when quite a boy, but I have sailed in American ships going on twenty-two years. At the age of 24 I was master of an American ship. It is a well-established fact—and the owners and masters can not deny it, the biggest enemy to the American ship can not deny it—that the American seaman of to-day is the best fed, the best treated, and the best paid man going to sea.

There was something said a little while ago about provisions. I should like to have the man put before me the scale of provisions of any other country in this world that can compare with ours to-day. There is not a thing in the market that I have not to get for my men. I have lain on the east coast of Africa, where I had to pay £2 for 9 pounds of fowls. I had to get it to carry out the United States law. There were English ships in port, and the captains said, "You are crazy. What are you doing? What will your owners say?" I had to get it according to law. Not alone that, but when in port I have to go to a fresh-fruit market to get fruit for my men daily.

You have certainly done all you possibly could for your seamen. That is not the reason why they do not want to go to sea. That is not the reason at all. There is another reason behind that. The reason is, that with the big wages and the kind treatment they are receiving in American ships to-day, they are getting other ideas in their heads. They are getting so now that it is hard to handle them; and if you use them right they will go a step farther. That is my experience.

## NAUTICAL SCHOOL NEEDED.

I will make a suggestion to you, gentlemen. This great country, the United States, is spending any amount of money throughout the country for educational purposes. You say you want to do something for the sailor. Now, why not go to work and establish a navigation school in every big maritime city in the United States and sustain it? It should be sustained by the United States Government. When a man has been serving four years in an American ship before the mast he should be allowed admittance to that school and he should receive a free education.

If the United States Government will go to work and do that I am certain it will hold to the sea many of the men now leaving the sea and going on shore. There is many a good brain among the sailors; there is many a good man among them; but when he gets to be 20 or 22 years old he says, "I want to retire." You ask him why, and he will say, "My education was neglected when I was young and I do not see that I have any chance; I do not see that it is any use to stay; I will never get in the aft end of the ship." That answer you will invariably get.

On the other hand, if we had a naval academy in San Francisco—and there is always somebody to teach him—where he could go to school and get his education free, that would not be the case. He should not alone be taught nautical astronomy, but he should be taught other business. He should get a thorough education. He should be taught how to handle general average, which is a very important question. He should be taught business in foreign ports. He should be taught foreign languages; that is a handy thing; I have found it so; I am able to handle four, and it has come very handy.

## USEFUL IN WAR TIME.

Now, if the United States Government wanted to do anything for the sailor I do not think it could do any better. We have a school in Annapolis, the finest school in the world; it has no equal. There is where the United States Government now educates men for naval officers. The men you would be educating in these navigation schools would, in time of war, come very handy. You could lay your hands on them in time of war. They would have education, and with practical knowledge of the ship they would be aboard a man-of-war only a few days before they would place themselves in real stations, and they would get behind the guns, and, in time of need, take charge of the ship.

I do not know that the United States Government could spend money any better than to go to work and establish navigation schools in every maritime port of the United States, say, Boston, New York, Philadelphia, New Orleans, Chicago, and San Francisco.

Now, suppose we get that, I would then suggest that there be a board of examiners also appointed by the United States Government to visit those various navigation schools all over the country and examine the men at certain times of the year. The first license issued should be for mate. He should then go to sea two years and then go before the board again and pass a final examination for master. When he had passed a rigid examination there he should then be entitled to steam and sail any ship afloat.

Gentlemen, this is not new that I am quoting to you. This is what all the maritime countries of Europe have to-day, just as I am stating it now, and it has been a success in Great Britain and all over Europe. I do not see why it should not be a success here.

Now, gentlemen, before I wind up I should like to appeal to you again. When the Houses of Congress assemble in Washington again and you start to make a law for the benefit of the merchant marine, do not forget that there are two ends in the ship. The aft end of the ship is in charge; they are intrusted with the property, and do not forget that they need protection.

Gentlemen, I am very thankful to you for your kind attention to my words.

The CHAIRMAN. The list which was handed the chair has been exhausted, and unless there is some gentleman present who wishes to occupy a minute or two I will close the hearing.

#### STATEMENT OF WILLIAM J. WOODSIDE.

Mr. WOODSIDE. Mr. Chairman, I have had twenty-seven years' experience as a ship owner and broker in Great Britain and on this coast here, and I have a few remarks that I thought would be interesting to you.

The CHAIRMAN. Proceed, Mr. Woodside.

Mr. WOODSIDE. Mr. Chairman and gentlemen, the subject which this Commission is desirous of obtaining information about is a vital one for the American people. How to foster and develop the merchant marine of this great country is a most important question, and, to my mind, requires grave and careful consideration. It should be discussed and considered in a calm and deliberate manner, not for the sake of the shipowner but for the sake of the people that have assisted in developing the resources of this country to their present proud position, that of "queen of the earth" in her products and manufacturing industries.

Without going into statistics, Mr. Chairman, I think it will be admitted that this country produces more coal, iron, oil, cotton, lumber, fruit, and cereals than any other to-day. To get these products to market we have to rely on the shipping of other nations. Surely something can be done to remedy this. Why should this country be behind all others in its merchant marine when it surpasses them in every other commercial way?

#### A SUBSIDY FOR STEAM AND SAIL.

What this country wants is American-built ships, owned by American people, commanded and operated by American seamen, to carry American produce to all parts of the globe in competition with the world; and the question is, how is this to be attained?

To my mind, gentlemen, the only way to foster and develop our shipping is to establish a subsidy for American-built ships, both steam and sail, employed in the foreign trade. Without this it is impossible to build up a merchant marine in competition with other bounty-fed shipping.

This Commission has already had evidence sufficient to prove that England, Germany, France, Italy, Japan, and other nations spend

large sums annually to foster and develop their merchant marine. Why, therefore, should the American people object to do likewise?

From an investor's point of view it must be remembered that the opportunities for capital to get good and safe returns on their investments are greater in a new country such as this than in England, Germany, or France. Here we have real estate in almost every city on this coast improving in value by leaps and bounds. We have timber lands, oil and coal fields, and many other outlets for capital that are more certain and attractive than our shipping is on its present basis.

Some tell us that we should be free to buy tonnage in any country and own and operate it under the American flag. Why? Because we can go into the English market and buy vessels 35 to 40 per cent cheaper than we can buy or build on the American Continent.

#### HAS BUILT SHIPS ABROAD.

(Mr. Chairman, I have superintended the building of eight or nine vessels in Belfast, and I am correct in stating that you can buy them at least from 35 to 40 per cent cheaper in England than you can build them in this country. During the last few years I have had the building and owning of several vessels on this coast, and the relative values are about as I state them.

Examples have been given. For instance, you can to-day go to England and contract for a first-class tramp steamer of the most modern type to carry, say, 7,000 tons dead weight with a full specification at a cost of not over £6 per ton dead weight, say \$200,000, whereas the same steamer in this country will cost at least from \$275,000 to \$300,000.)

#### COST OF OPERATION.

Looking from an investor's point of view we must consider what it will cost the American owners to operate the same steamer under the American flag, as compared with the English, German, French, or Italian owners under their flag. They can man and victual their steamers at least 50 per cent cheaper than an American owner. Therefore the American capitalist can not hope to own and operate American tonnage in competition with other nations unless he receives a subsidy to compensate for the extra cost of working the property. It was stated here yesterday that the wages paid to the seamen of all nations depended upon the port at which the ship or vessel engaged her crew, let her be American, English, French, or any other.

#### CHEAP FOREIGN CREWS.

Gentlemen, I challenge this statement, and can prove that steamers under a foreign flag have traded on this coast for years with crews engaged abroad under one, two, or three year contracts, at \$15 to \$20 per month per man, when American owners with steamers in the same trade had to pay \$40 to \$50 per month. The same thing can be said of the French bounty-fed vessels. They ship their crews in Europe under contract for one or two years, and they hardly ever desert or leave their ships until they finish the round voyage, when they return home and are paid off.

I will mention in evidence of this fact the steamer *Tellus*, that has been carrying coal from British Columbia to San Francisco for the

last two or three years. If a seaman on board that vessel gets sick or deserts they send home to Norway, and there is another man sent out to take his place at a low rate of wages. I also mention the Norwegian steamer *Titania* under similar conditions. The same thing can be said of the French bounty-fed vessels. In fact, with some of the foreign nations it is a criminal offense for a seaman to leave the vessel in a foreign port when he has made a contract. I see that lately in England they have been punishing the men who have deserted one ship and shipped on another, and they compel him to forfeit the wages he has earned and to compensate the owner of the vessel he has deserted in a foreign port.

If American shipowners are given a bounty for cargo carried to foreign ports, for, say, ten to fifteen years, this country will open up new markets for her products and new lines will be established that to-day could not exist. At the end of ten to fifteen years these lines will have built up a trade sufficient to be self-supporting. In the meantime the whole people of this great continent will have derived untold benefits by having these new markets opened to their commerce, and for this reason, if no other, I say, by all means treat this question in a broad and liberal spirit and encourage the building up of our merchant marine by granting a reasonable subsidy.

#### WHAT FOREIGN COUNTRIES DO.

At the present time in Canada and Mexico they are advertising for bids for a line of steamers to be established between Victoria, British Columbia, and three or four ports in Mexico. These two governments—it is public property and has been advertised all over Canada—desire owners to tender for two steamers of 2,500 to 3,000 tons dead weight, to steam not over 10 knots, and the governments are willing and offer to give a subsidy of \$100,000 per annum to these two steamers.

The CHAIRMAN. The governments of Canada and Mexico are going into partnership in that matter?

Mr. WOODSIDE. Yes, sir; as I understand it. I saw a printed specification of the requirements. The speed is that of the ordinary tramp steamer, and the size of the vessel is that of the ordinary tramp steamer, and the requirements are not at all severe in any respect. They want to encourage the business and they are willing and have offered, as I said, \$100,000 per annum for these two steamers.

If these countries can do this, why should we be behind in the race for business?

It has been suggested that a differential tariff in favor of American shipping would assist our merchant marine. I fail to see this. It is not on imported goods that any country will get rich, but on the surplus products that she can turn into dollars and cents among the nations requiring such products.

This country can produce almost everything she requires, and for this reason her merchant marine must rely on export trade rather than on import business.

It is only a few years since this country imported from England the plates and angle bars to build her ships, steel rails to build her railways, cement from London and Antwerp for docks, wharfs, and foundations for the buildings in her great cities. What is the position to-day? The American manufacturer can ship steel plates and angle bars to Europe in competition with all others.

## SEAMEN APPRENTICES.

Instead of importing railway material, the American manufacturer is shipping such products to South Africa, South Australia, New Zealand, and other British colonies. The cement that is manufactured on this coast within a few miles of this city now almost prohibits the import of this article, and it is expected ere long that large shipments of this article will be exported from this port to help build the New Panama Canal. Gentlemen, there are many matters of interest that might be mentioned in this connection, but time will not permit. In passing I would suggest that the question of encouraging sailing ship-owners to carry apprentices would be beneficial to our merchant marine. England has fostered this plan successfully; Germany has also encouraged it, and it was only a few days ago that I noticed the Belgian Government had given an order for a merchant ship to be specially fitted for carrying apprentices.

I think Mr. Schwerin referred this morning to the ships owned by one of the large German steamship lines. They get a subsidy from the Government. We see the Belgian Government doing the same thing. I think it would be a very great incentive to the American boy if such ships were owned and operated from our American ports.

I think also some encouragement should be given to the sailing ships that are owned by American citizens to induce them to carry apprentices. Our vessels, especially in the foreign trade, could always handle those apprentices, and it would help, no doubt, to stimulate and build up a body of seamen required for our merchant marine.

Gentlemen, there are a number of other things I would have liked to have dwelt on, but as the hour is far advanced, I am sure after you have considered all the evidence that has been given here you will arrive at some manner of giving at least a reasonable subsidy to the American-built ship so that she can compete with the foreign bounty-fed vessel.

## ADDITIONAL STATEMENT OF ANDREW FURUSETH.

The CHAIRMAN. The Chair is advised that Mr. Furuseth desires to say an additional word, and then we think the hearing will be closed.

Mr. FURUSETH. Mr. Chairman, it was mentioned here just now about the imprisonment that is provided by some of the foreign nations for men who desert. It might be of interest and valuable to put in the record (and I asked the secretary about it) that the English vessels which come into this port invariably drive their men out. They can not stay, no matter whether they like it or not. While the Commission has been sitting here, in the last two days, they have reduced the wages of the seamen who have been in Europe from \$20 a month to \$15 a month, and increased the blood money or the bonus by a corresponding amount. The bonus or blood money is so much money given to the man hunter to find somebody who can be induced by some means to get them aboard the vessel and take her to Europe. I thought that might be of some interest to you.

**CLOSING ADDRESS OF THE CHAIRMAN.**

The CHAIRMAN. In closing the hearing I wish, in behalf the Commission, to express thanks to the several gentlemen who have appeared and presented their views for our consideration. I think I am safe in saying that at no port we have visited have we had more largely attended meetings or papers and arguments of greater strength than we have had in San Francisco.

I wish also to express the thanks of the Commission to President Newhall, of the chamber of commerce, and his associates, for all the kindnesses and courtesies the Commission has received at their hands, and for the use of this pleasant and commodious audience room, and also the thanks of the Commission to President Rolph, of the Ship-owners' Association of the Pacific Coast, and his associates, to President Babcock, of the Merchants' Exchange, and his associates, and to Mr. Schwerin for courtesies that we shall never forget.

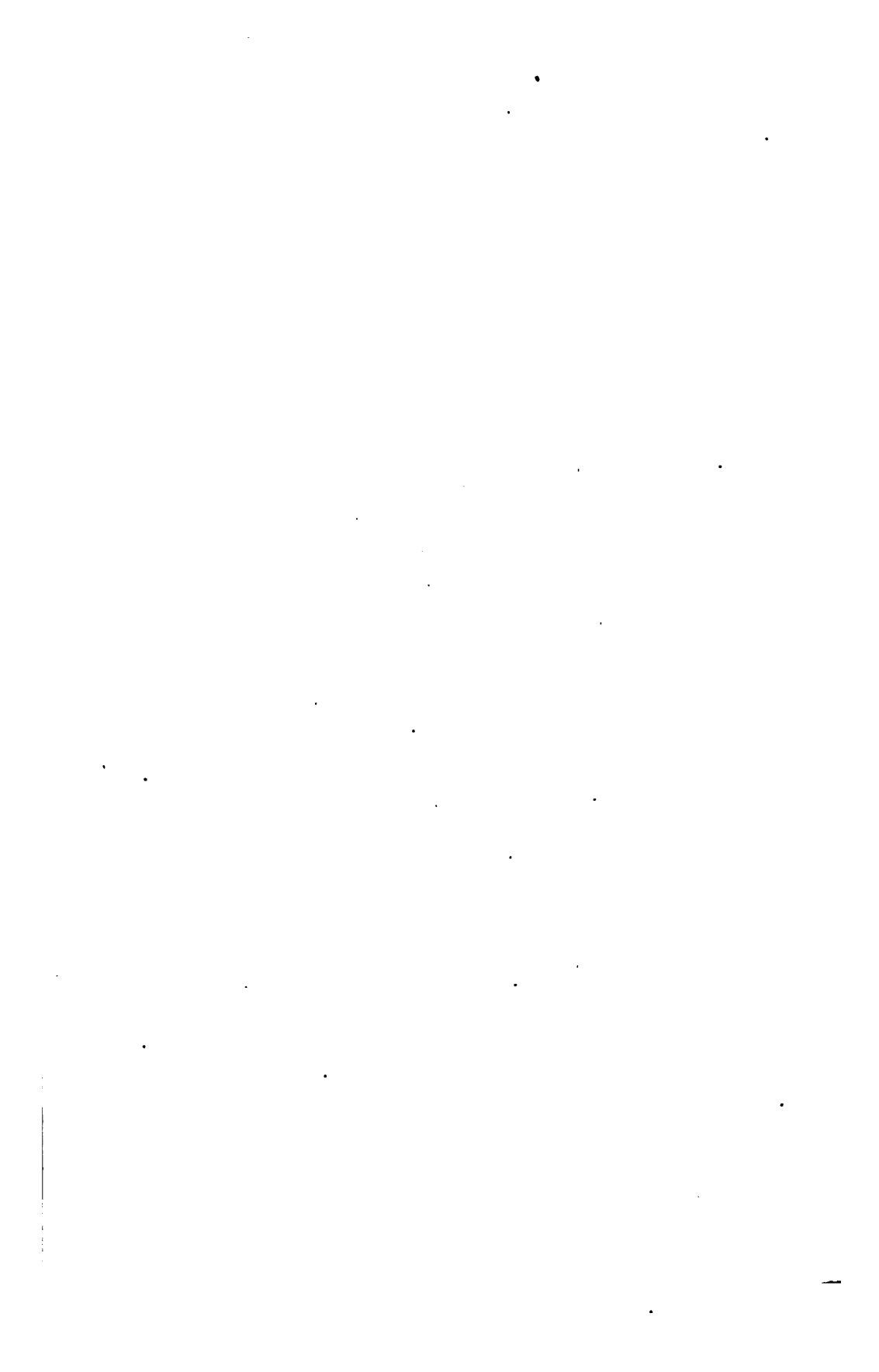
I want also to be careful not to forget a class of people who have it in their hands to do very much to help this Commission in its arduous and perplexing work, or who can, on the other hand, hinder the progress of the work that we are engaged in, and that is the press. The representatives of the San Francisco papers, so far as I have noticed, have been diligent in following this hearing, and have given large space to the papers and arguments that have been presented. In behalf of the Commission I thank the gentlemen who have represented their papers and the proprietors of the papers for the courtesies they have extended.

We have had a most delightful time in San Francisco, and if it were possible for us to remain longer I feel sure that we would be tempted to summon more people to come here as an excuse for extending our stay. But the time has come for us to close our hearing and to say good-bye to you, gentlemen, which I do in behalf of the Commission. [Applause.]

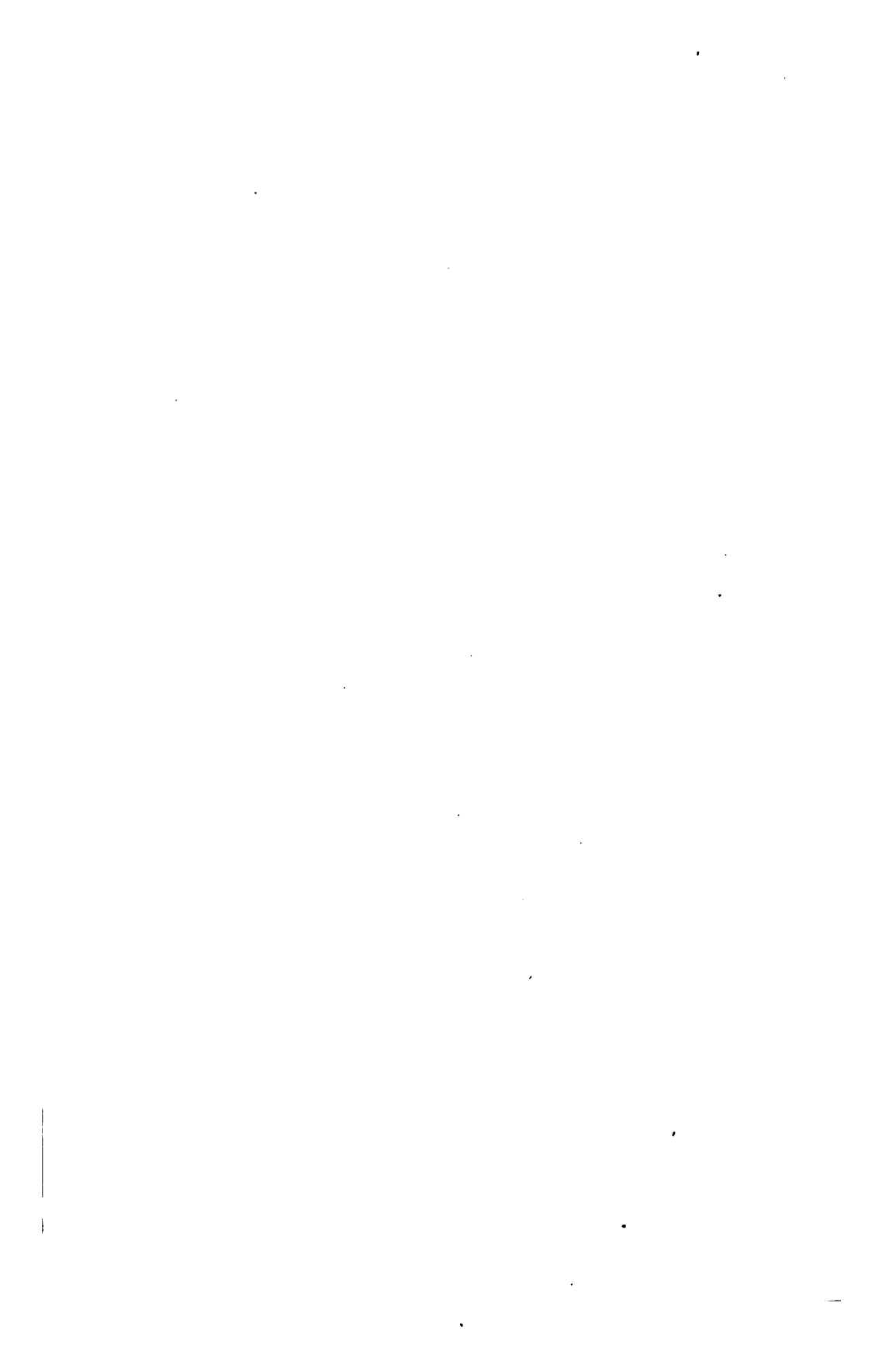
Thereupon, at 6 o'clock p. m., Friday, August 5, 1904, the Commission adjourned.







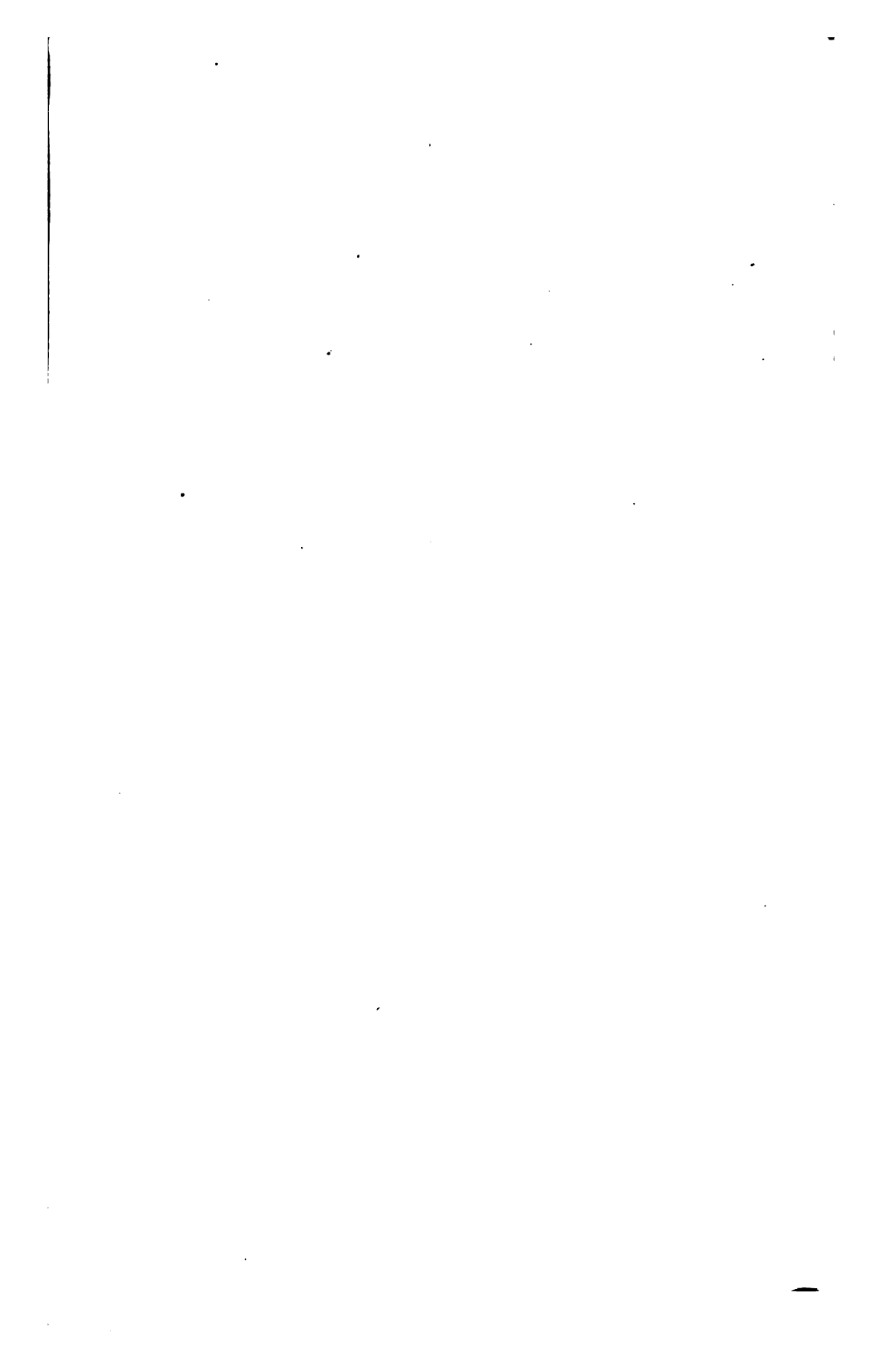








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